

FOREIGN AFFAIRS

AN AMERICAN QUARTERLY REVIEW



JULY, 1928

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The Editors.

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THE PASSING OF ENGLAND'S ECONOMIC HEGEMONY

By André Siegfried

THE transition from the nineteenth to the twentieth century — a feat that had not yet been achieved in 1914 — is at bottom what has made the post-war crisis so serious in Great Britain. Even today the British economic system still rests upon a nineteenth century conception, though the circumstances and conditions of that epoch have obviously passed. In a world which has altered so radically England's position manifestly cannot be the same as formerly.

Every day we see more clearly all that England has owed to coal during the last hundred years. The Victorian Era, her apogee of prosperity and power, was essentially an era of coal. So long as coal remained practically the only fuel, so long as her mines enjoyed a quasi-monopoly, England's industry remained almost unrivalled. That is how it was possible for her, with only a fairly good base and in a limited territory, to create the paradoxical structure of an overgrown factory system, and to develop an excessive population alarmingly dependent on imports for its food. A map of the coal basins of Great Britain in the nineteenth century is a chart of the national framework. The country's industrial structure, its population, and even the center of gravity of its energy, are concentrated in the Black Country, where the population is composed more largely of workmen and manufacturers, and is more Nonconformist, than in the old Merrie England of the southern counties.

The continuance of this equilibrium — real, though precarious — depended on two factors. It was essential first of all that foreign countries, especially those outside of Europe, should continue to be willing to dispose of their materials in raw instead of manufactured form, and to sell their food-stuffs instead of consuming them at home. On the other hand, it was also essential

that England should remain the recognized purveyor of manufactured articles, that is to say, that she retain the lowest production costs in the world. Today, however, all countries, rightly or wrongly, want to build up industries; they are discarding the age-old division of labor which has made the two little islands to the northwest of Europe the specialized workshop of the planet. Furthermore, in modern conditions of production, where coal no longer plays its former dominant rôle, England is no longer marked out as the chosen spot of all the world for large manufacturing operations. In a prophetic book written in 1866, "The Coal Question," Stanley Jevons predicted that his country could not maintain its supremacy once its mines were exhausted. They are not exhausted now, but the economic power of coal is partially reduced, and from this point of view the fears of Jevons have already been realized. The whole system was based on coal, and coal is no longer king.

Here is the real British crisis. Amid the tumult of the war it was possible to mistake the causes of the crisis and even its nature. Until quite recently, the British hoped some day to re-establish the conditions of before 1914 — which is to say the conditions of the nineteenth century. After the passage of twenty-five years of the twentieth century, they were still living in the atmosphere of the century that had vanished. But for about two years, and especially since the coal strike, there have been signs of a very considerable change. England is becoming aware at last that the continuous crisis from which she suffers has causes which lie deeper than the war, and that even the true origin of the war itself must be sought in the general transformation through which the world was passing — a transformation which the war did, indeed, hasten, but which would have come sooner or later anyhow. She is, in a word, accepting conditions as they exist and adapting herself to them. This significant change in attitude closes the immediate post-war period. It likewise emphasizes, as the decade draws to its close, the end of a century-long period of British hegemony framed in history by two pillars — the memorable dates 1815 and 1914.

I

The crisis finds expression in the marked and apparently chronic decline in exports. Ten years after the armistice, these still remain (according to the figures of the Board of Trade)

lower by a fifth or a quarter than they were before the war: 76 percent of the 1913 exports in 1925; 67.9 percent in 1926; 78.6 percent in 1927. If this ebb-tide is to become the norm, then a complete reorganization of the national equilibrium is evidently necessary.

After eight years of shrinkage, since the boom of 1920 which had no morrow, the causes of the depression are all too clear. First of all is the impoverishment of a whole section of mankind as the result of war; then the general industrialization of the world, with the recrudescence of protectionism which it has provoked; and, finally, Great Britain's high costs of production. The first cause is only temporary, but the second will probably remain permanent and there is nothing that England can do about it. So far as the third is concerned, British industry is certainly not completely helpless, but it is beyond its power to bring future conditions of production back to what they were in 1860. Here we reach the heart of the discussion.

Why are British production costs high? There are certain reasons peculiar to Great Britain, and which in consequence admit the possibility of remedy.

The common belief is that the financial policy of the Government has helped make the position of industry more difficult. The revalorization of the pound has indeed lowered wholesale prices (index 141 in December, 1927), but retail prices and wages have remained at another level (169 and 181 respectively). This difference in the sensitiveness of reaction of different categories of prices — which strings them out along the road after the fashion of Horatius in dealing with the Curiatii — creates a somewhat unsound dual régime, with a buying power higher abroad than at home. This situation stimulates imports but makes exports more difficult, and hence there is nothing remarkable about the tremendous upset in the commercial balance: Britain has saved its money by energetic budgetary and fiscal action, but this in turn has disrupted production costs. Encumbered with too heavy a debt, the country is in financial but not in economic equilibrium. To sum up, it was able to emerge from the war and the post-war liquidation without a surgical operation, by falling back on the classical procedure. In such exceptional circumstances this might, perhaps be regarded as a display of excessive pride. The fact must be faced that it is industry which in the long run is paying for the salvation of the pound, which deep-seated instinct has led the gov-

ernment to regard as a matter of the gravest national importance.

Another cause of high production costs is the relatively old-fashioned state of certain industries. Since the war, Germany and France have been forced to remodel a large part of their equipment. Inflation and the reconstruction of the devastated regions have more or less compelled them to this course; and without this powerful motive they doubtless would have done nothing of the kind. England, however, boasts an unbroken industrial tradition — wrongly, perhaps, for there are circumstances in which it is better to rebuild entirely from the bottom up. But this is far from being the attitude of a land where conservatism colors all aspects of life and is the basis for the education of youth, where rule of thumb is still almost universally preferred to technique, and where the upper class until recently paid no attention to industrial matters. I know that all this is changing now, and that Cambridge picks out its best students for industrial careers, but England lagged far behind Germany and France in this respect. When our French engineers and manufacturers cross the Channel they are astonished to find themselves dealing with colleagues who often lack all general ideas, who are shut up narrowly within their special occupations, and who in their conversation ignore the larger problems. Moreover, Germans and French agree that when it is a question of discussing matters from the international standpoint, British industry does not possess the group spirit which would permit it to become organized. In this British industrial production is not only behind that of Germany but behind that of France.

Finally, the decadence — in part moral — observable in British labor, has played a substantial rôle in the present crisis. During the war the workmen received high wages and improved their standard of living substantially. This movement had begun even before 1914, and if one considers it in comparison with the earliest years of the century the progress is considerable. But when the crisis came in 1920, labor clung obstinately to the standard which it had won, and the politicians did all they could to encourage it in that attitude. The Frenchman of modest income does not feel that there is anything disgraceful in economizing, but the Anglo-Saxon regards it as a kind of humiliation. By virtue of a tacit understanding England is today living at least as comfortably as in 1914 and far more comfortably than she did in 1900. But the greater part of the workers refuse to

recognize that there is an inevitable connection between what they get and what they give. They claim the right to live at the expense of industry and even at the expense of the nation. When owners and workmen meet to talk things over, they discuss which of them is to throw upon the other the costs of industrial reorganization. A lazy solution on the part of the employer! On the other hand, a state of mind has grown up among the workers which I should not quite dare to call mendicancy, but which is curiously different from the attitude of professional self-respect which we are told was characteristic of the old-time English laborer. This is the note of disillusionment which Mr. W. A. Appleton, Secretary of the General Federation of Trade Unions, sounds in one of his quarterly reports when he declares frankly that the workers now dream only of new appeals to personal, local, national, or international charity; and that they do not hesitate to make new demands upon capital though the latter already is insufficient for the needs of a progressive industry.

It would be difficult to exaggerate the deleterious influence exercised by the constant presence of a great army of unemployed, whose number for eight years has never fallen below a million. They tend, morally even more than materially, to jeopardize the health of the nation. In the beginning the government thought that this unemployment was temporary and in consequence started a system of generous doles. Now it is impossible to abandon the established tradition. Only in the long run is the unsoundness of such a policy revealed. An increasing number of the unemployed, seeing no sign of a revival of employment, have given up the hunt for it, especially as the State supports them. They know that they will not be abandoned: in the form of unemployment insurance they are receiving substantial indemnities, and the municipalities also distribute aid. Often an unemployed man ends by receiving more money than he would ordinarily get by working. Quoting a report of the inspector general of the Ministry of Health, the *Times* of November 26, 1927, mentions, among many others, certain symptomatic cases:

A man, aged 36, with wife and five children, has been relieved almost continuously since 1925 at 43s. a week. He is an engineer's laborer or fitter, whose wages would be 42s. for a 48-hour week. He stated that he could not keep his family on those wages. His last three children were born while he was in receipt of relief, and in September, on the birth of the fifth child, the relief was raised to 47s. a week.

A carman, aged 32, employed in 1921 at 45s. has received relief almost continuously since at rates up to 45s. a week. In September, 1926, the relieving officer reported the wife's statement that the man had been offered three days' work a week, but did not accept it, as "they would have been out of pocket."

Examples of this kind, even if exceptional, are nevertheless frequent. Inspectors report that usually they find the habitually unemployed in bed, even in broad daylight. Many lazy people are getting used to this way of living at the expense of the nation, and no longer feel any shame about it. On the other hand, the government of the day, no matter what its composition, feels a kind of terror of this immense army of unemployed: they must be supported at any price! And who, indeed, would seriously propose leaving them to their fate? They must also be amused, and moving picture shows, sports, greyhound races (which have been all the rage for some time) are equally popular diversions. In England the love of sport is a factor in the maintenance of order, a kind of opium for the people. A *union sacrée* exists between a trade unionist and a lord when they discuss the races or football.

The result produced by this "chloroform policy" is that the revolutionary consequences of unemployment are sterilized; but the dead tissue, which stays inside instead of being eliminated, poisons the body of society in spite of everything and shows that "something is rotten in the state of Denmark."

The various causes of industrial decadence which we have just been enumerating can all be corrected. In the long run, the upsetting effects of the financial policy will cease to make themselves felt, and the various price categories will be leveled out. Equipment can and will be renewed. Industry will organize itself — it is already setting out on the right road. The working class, which has learned something about the excesses of costly strikes which produce no results, will undergo a fresh education. Unemployment will in the end eliminate itself by emigration, by the reduction of the birth rate, by a spontaneous and inevitable adaptation to new conditions. But for all that the problem of the relatively high cost of production in industry will not be solved, for beneath the surface one can discern general causes which are independent of anything that Great Britain can do, and with regard to which all intervention seems to be doomed in advance to failure.

The most serious aspect of the matter is not even the springing up of rivals all over the world, but the profound transformation

of conditions in large-scale industrial production. Once upon a time, coal sufficed to establish manufacturing power. Though it still remains the essential fuel which nobody can do without, "white coal" and oil nevertheless provide new sources of energy that grant a certain degree of liberation from coal's former yoke. Now be it noted that England is badly off for water-power and is compelled to import oil. In these days, moreover, the basic factor in low prices is less the possession of motive power than the capacity for mass production and an immense internal market for standardized products. If Ford can produce at better prices than his European competitors, it is primarily because he knows where to find a hundred and twenty million buyers almost as standardized as the machines he has for sale. In this respect the United States is actually the one country in the world where standardized production finds the most favorable conditions. England, which under nineteenth century conditions benefited from a similar primacy, is not today in an especially favorable position. If the conditions which now prevail had prevailed as early as 1830, it is probable that the most powerful industrial concentration in the world would not have been localized in the little British Isles; and we may begin to ask whether the mad industrialization of nineteenth century England, which seemed normal and final, may not have been merely a transitory phase of British evolution.

If industry cannot maintain itself at the level which it has achieved, the state obviously must seek a different equilibrium. British opinion seems to be recognizing the fact, and already the national organism, spontaneously reacting, seems to have begun to adapt itself to the needs of the new day.

II

Among the phenomena which decisively affect British post-war economics, we must assign first rank to the chronic and increasing deficit in the commercial balance. It always did show a deficit, even before 1914, but the proportion in which imports have been paid for by exports has for some years been constantly diminishing: 82.6 percent in 1913, 75 percent in 1924, 70 percent in 1925, 62.6 percent in 1926, 68.2 percent in 1927. The volume of exports (on a 1913 scale of values) has decreased by a quarter or a fifth, although the English people, who have not reduced their standard of living, are actually importing more than before: 108.3 in 1925,

111.5 in 1966, 114.4 in 1927, in relation to an index number of 100 for 1913. It has long been supposed that this represented a temporary upset; but since it is persisting people begin to ask whether it may not become permanent. It is therefore necessary for England to plan how to live with a reduced level of exports.

This lack of equilibrium, which frankly is appalling, has not failed to impress opinion on the Continent. The Continental interpretation is perhaps over-pessimistic. For though it is true that the commercial balance shows a deficit, it by no means is evident that the country is going to ruin. According to Board of Trade figures (never considered over-optimistic) invisible exports easily meet the visible excess of imports.

For the last three years, for example, the balance sheet stands as follows:

TABLE I
(in millions of pounds sterling)

	1925	1926	1927
Deficit of commercial balance	-395	-477	-392
Invisible exports:			
Merchant marine profits	124	120	140
Commissions, discounts, other services	75	75	78
Revenues from abroad	250	270	270
<i>Balance</i>	449	465	488
	54	-12	96

It follows from this estimate — and of course it is nothing more than an estimate — that England must regulate the imports on which she lives, less and less by exportations of manufactured products and more and more by “services” and the revenue from her foreign investments. The tendency is significant, in the sense that national profits come less than formerly from industry and more from the merchant marine, trade, insurance, finance — in short, from abroad. There is no denying that a certain degree of prosperity does exist, but the situation is not what it was; and this accounts for the fact that the country has been able to take care of a million unemployed for eight years without ruining itself. Whether this represents a wholesome evolution is another question, but the nation has to accommodate itself to it. A speaker at the Royal Statistical Society showed he understood the situation when he said:

“The ‘invisible’ people are getting the business. We may feel that it would be better for twelve men to be engaged in making boots for export rather than that one insurance broker should be making commissions of £5,000 per year

on foreign business; but the fact seems to be that those from whom we buy prefer the invisible to the visible method of payment for their food and raw materials, and we shall have to recognize the fact."¹

In England, then, we are seeing a new division of profit-making activity. We are also seeing a new division of purchasing power among the different classes of the population. On one side, the money which (we must not forget) is being made in great quantities in business, finance, or foreign investment, makes itself felt in the national market, whose power of absorption it increases. On the other hand — a less known but no less important phenomenon — the social policy of the last few years has created a considerable purchasing power. Unemployment insurance, all kinds of pensions, relief funds, often poured out prodigally, place in the hands of the poor a spending power they never before have imagined. Thus an internal popular market is built up, capable of serving as a basis for new industries, at the very moment when exports, the traditional factor in British prosperity, are seriously declining. If one adds that the "old rich" and even the people who live on a fixed income, in certain respects worse hit than any other class, have none the less managed by reducing their savings to preserve in large measure their standard of living, then the conclusions of the Committee on National Debt and Taxation (the Colwyn Report), published in February, 1927, become comprehensible.

According to this report, made after a thorough study, real wages are on an average as high as before the war, the real value of the imports has increased, and when due account is taken of unemployment the general standard of living of the population as a whole has improved in comparison with 1914; but this relative progress is attained only at the expense of the national savings. This general view of British equilibrium does not contradict that of the Board of Trade. England benefits from a favorable balance of accounts; but the excess credit of this balance is reduced in such a way that the sum total available for foreign investment is in spite of everything less than hitherto. England is still getting rich. But the moment she attempts to maintain a certain mode of life she may not become rich enough to play, out of her savings, the rôle of the world's broker which was hers in the nineteenth century.

¹ Dr. E. C. Snow: "Some Observations on Trade Forecasting and Prices," *Journal of the Royal Statistical Society*, July, 1926, p. 641.

Here we touch the most sensitive point, the very key of the British system. England has never regarded foreign investments as a simple excess of her riches extending abroad, but as a mechanism designed to prepare a harvest of new customers for the future benefit of her industry. A loan to the Argentine or to Brazil, for example, was always considered as implying, sooner or later, an order for rails or locomotives for the British steel industry. In the minds of those who paused to reflect, an exporting England was inconceivable without a counterpart in an England that loaned its capital abroad. It is comprehensible, therefore, that informed opinion should observe a reduction in the amounts available for foreign loans with some uneasiness. The United States is assuming definitely the rôle of broker and lender on a world-wide scale, and sooner or later markets which have hitherto been subject to Great Britain's attraction will tend to escape from her orbit. Canada is today a striking example.

An examination of the comparative figures for 1913 and 1927 shows that though England is still capable of investing capital abroad, she is no longer able to do so on the old scale.

TABLE II

(in millions of pounds sterling)

	1913	1927
Total loans on the London market . . .	196	314
Destined for England	35 (18 percent)	176 (56 percent)
Destined for the Empire and abroad . .	161 (82 percent)	139 (44 percent)

From this table it follows that (taking proper account of the diminished purchasing power of the pound) the total volume of issues is kept up, but that the issues destined for abroad are markedly less, whether relatively or absolutely considered. Thanks to her credit balance, the financial influence of England still extends beyond her boundaries; but the margin is narrow. If it should one day happen that the excess of imports was not compensated by invisible exports, it would become necessary to sacrifice the policy of foreign investments, with an obvious risk for future exports. Hence the distress with which informed thinkers regard the precarious equilibrium between credits and foreign debts. Hence the absolutely capital importance that they attach to the existence of a normal surplus of exportable capital. It is no exaggeration to say that in their minds this is the cornerstone of the whole edifice.

It is comprehensible, therefore, why a rebirth of the spirit of thrift is declared vital for the nation, for only so can there be reestablished the capital which made it possible to subscribe to substantial foreign loans. Now England is still saving, and on a large scale: 450 to 500 million pounds today, according to the Colwyn Committee, instead of 350 to 400 millions in 1914. But progress is only apparent, for if we take into account the decreased purchasing power of the pound we see that there has really been a marked decline. We may ask whether, by the combination of its fiscal policy and its often extravagant policy of social aid, Great Britain has not in some degree decreased its capital on hand or in process of acquisition. The purchasing power of the masses, which permits them large expenditures which in turn increase importations, is derived in part from sums distributed under the budget. The money which thus passes through the people's hands goes almost wholly for current consumption expenses; it is not in these ranks that one will find the spirit of thrift or the capacity for it. The resources thus provided, however, come in part from taxes which are levied, not on the nation's income, but on its capital — the inheritance taxes, for example. Here undeniably is a current which diverts a fraction of the national wealth from classes which might save it to other classes which consume it. Instead of being devoted to the creation of foreign business, to the establishment of foreign investments, begetters of future exports, this money is spent on better food, on more comfortable houses, on pleasure, on sport, on travel. The country is living better, but it is weakening its reserves for the future. Even if it is not growing poorer, it is diminishing its margin of security. Above all, it is accepting the idea of a new equilibrium in which exports will no longer play the same rôle as hitherto. To tell the truth, this equilibrium is in process of establishment, and the British organism has already begun to adapt itself.

III

The crisis which has affected the exporting industries for the last eight years presents an impressive characteristic of persistence, of permanence. The phenomenon has often been remarked that unemployment has struck the various branches of production more or less severely according to the degree that these depend on exporting; metallurgy, textiles, coal, suffer far more than those

with a national market. Moreover, it seems that wherever coal is dominant the crisis has reached an especial intensity. The regions which set the pace in the industrial transformation of the nineteenth century — Lancashire, Yorkshire, Northumberland, the lowlands of Scotland, northeast Ireland, and Wales — are the hardest hit. This has gone to such a point that some of them have begun to be — I will not say depopulated, but at least less congested. Certain Welsh districts furnish an example. A migration from the north of England to the south is also certainly observable; the government encourages it because it corresponds to the needs of the situation. No doubt this is no more than an indication, a forerunner of an eventual change in the division of the population; but it is significant. Given the relative decline of coal as a factor in industrial production, given also the new methods of using it, one may ask whether this migration is not the first visible consequence. In the nineteenth century the British organism had its centre of gravity in the coal of the north. Perhaps the twentieth century will see a different equilibrium, a less exclusive dependence upon the coal regions.

Opinion — at least that of the ruling classes — now accepts that tendency, together with the grave consequences which it implies. Responsible circles admit that the old export level can no longer be maintained for several essential industries, which means that production itself must be permanently reduced. As another aspect of the general reorganization, and with a view to more effective rationalization, it seems necessary to envisage a permanent reduction of the labor available in certain of the most vital branches of production; textiles, metallurgy, coal — the glories of industrial England in the last century — can recover a durable equilibrium only at the cost of such a sacrifice. It is a question, unless I am badly mistaken, of letting go a large volume of laborers — one to two hundred thousand in the coal industry, for example. They must be taken care of elsewhere, perhaps maintained at the expense of the nation, as the government is prepared to do. What we may especially conclude from this new attitude, which dates only from the last two years, is that England accepts the inevitable facts. She recognizes that the nineteenth century, with its leadership in coal, with the magnificent export industries of the Black Country, represents an “economy” which is henceforward out of date. She is no longer trying — as was the watchword on the eve of the war — to revive

the old order of things in its entirety. Let us unreservedly admire this realism, this suppleness, this moral courage.

There is another side to it all, and pessimism is not everywhere the dominant note. While the north is declining, life in the old regions of the south and center of England seems to be taking on once more an activity which was diverted from it about a century ago. The movement is quite recent, indeed barely perceptible, yet it is unmistakable. The centre of gravity is moving. Let us not exaggerate: it is always based on coal, and the coal country remains essential. Nevertheless the present trend is toward the Midlands and the London basin. People are turning away from the old mines of the Tyne, Scotland, Wales, toward new shafts in Yorkshire, the Midlands, even in Kent. At the same time we observe that though the northern industries are slumping, those of the south are prosperous. London and the little cities around it, Coventry and Leicester, are working at full blast. Whereas heavy industry, coal, and textiles fight off an endless crisis, the furniture trade, building, automobiles, artificial silk, electric fixtures — not to mention the theatre, moving pictures, brewing and distilling — show obvious signs of prosperity. We almost get the impression that there is a sort of boom, an idea already prevalent in 1926, the very year of the general strike. The inspectors of labor in their reports speak with satisfaction of the region around London, which is developing in the most remarkable way, and emphasize the exceptional prosperity of the Coventry district. Since the manufacture of Morris automobiles began, Oxford is on the way to become a manufacturing city.

The topography of unemployment corresponds strikingly with this distinction between north and south. If you draw a diagonal line across England, linking the mouth of the Severn to Scarborough by way of Staffordshire, you cut the country into two parts of roughly equal economic importance but presenting an extraordinary contrast. To the northwest unemployment is almost double what it is in the southeast. In the latter district activity prevails and — it is no exaggeration to say — prosperity.

TABLE III

PERCENTAGE OF UNEMPLOYMENT BY REGIONS

(To November 21, 1927. Based on reports of number of workers insured against unemployment.)

London	5.9 percent
Southeast	5.9
Southwest	8.4

Midlands	8.2
Northeast	12.9
Northwest	12
Scotland	9.9
Wales	21.5
North Ireland	11.1

Average

10 percent

If one considers the respective yield of various industries the contrast is no less marked:

TABLE IV *

PROFITS IN VARIOUS INDUSTRIES IN PERCENTAGES OF INVESTED CAPITAL

<i>Very Prosperous Industries</i>	<i>Reports Published in 1926</i>	<i>Reports Published in 1927</i>
Tea	42.1 percent	34.8 percent
Rubber	30.1	25.2
Oil	15.2	15.7
Brewing	17.2	16.5
Electrical: Light and Power	11.2	7.7
<i>Prosperous Industries</i>		
Chemical	8.8	8.3
Soap	9.7	8.7
Electrical: Manufacturing	10.3	8.5
<i>Doubtfully Prosperous Industries</i>		
Shipping	5.7	5.2
Cotton Textile	5.9	4.2
Woolen and other Textiles	2.7	5.6
Engineering	6.6	4.7
<i>Losing Industries</i>		
Coal, Iron and Steel	2.2	2.6

* *Times Annual Financial and Commercial Review*, February 7, 1928.

Without requiring lengthy commentary, this table throws light upon the amazing diversity of the fates that have overtaken the various branches of British business. Coal and iron, formerly the fundamental basis of British power, show serious deficits. Last year thirty metallurgical companies, chosen by the *Times* as typical, showed a net loss of more than 2½ percent of their capital. The textiles (wool and cotton) and engineering are certainly not in so distressing a situation, but their profits are either medium or very small, inadequate in the long run to sustain a genuinely sound development. So far as textiles are concerned,

the situation is even graver than the figures indicate, for they represent merely an average; and side by side with businesses that are showing a profit, a great number of others in their present state are probably scarcely able to survive.

On the other hand, success falls to the lot of enterprises of a quite different sort, such as brewing and distilling, which are closely linked with national and popular consumption capacity. Others, such as chemical products, electrical equipment, automobiles and furniture, represent lines of production which formerly were negligible or secondary but which have enjoyed a kind of rebirth. Finally, others are colonial enterprises which after having sometimes been sterile for several years are now yielding fabulous profits. To the question whether the country is prosperous or in a state of crisis, one hardly knows what to reply. The table shows that it certainly is impossible to answer with a simple yes or no.

One thing that it is especially interesting to emphasize is that the industries which are successful in the south — automobiles, furniture, electric equipment — are of very different character from those that flourish in the north. These last are in general the heavy industries, or at least industries with mass production, based on coal and relying on exportation. The first group, on the contrary, are industries where raw materials are of secondary importance in comparison with labor and the value of the finished article, and they are operated primarily, if not entirely, for the domestic market. It is readily understood, therefore, that they are not, like the others, directly dependent on coal. They can move to a distance, the more readily since conditions of transport and motive power, now changed, no longer compel them to cling closely to the pitheads of the mines. They prefer, too, to be at a distance from the regions where the trade unions have long been organized and where their power has become tyrannical. Furthermore, since they look to a national clientele, they like to be near the capital, an enormous distributing center. Without question we see here one of the results of the decline in the ancient hegemony of coal. Certain sleepy little villages of the south that were manufacturing centers before the nineteenth century, but which have been neglected for a hundred years, unexpectedly find a current of life flowing their way once more.

This disequilibrium and the reorganization which it implies reveal a thorough-going transformation in British economy which

has out-stripped the prophecies of observers and the decisions of directors. At the very moment when the export industry, old and broken in every part, was able to offer only imperfect support, England, in order to live, turns to her carrying trade, which has always been prosperous, to her international finance, which has always been strong, to her investments in foreign countries and especially in the colonies, which provide her with a first rate reserve. I am not sure that she will get very rich in the long run, but I do not believe that she will go to smash. In any case it must be admitted that she is changing. More and more — and the movement began long ago — she is tending to concentrate on her rôle as the world's broker, in defense of the interests which she has been able to secure everywhere outside her own little European boundaries. She recalls those great industrial families, old and powerful, whose factories fail, but whose immense capital has been invested elsewhere. One must not judge them solely by the original instrument, which is no longer the essential factor in their fortunes.

The fortune of Great Britain is not, in fact, shut up within the restricted metropolitan area of the Empire. It is today — as it was yesterday, and perhaps even a little more so — in the tea of India, the rubber of Malaysia, the oil of several continents. It is also, no doubt, at Manchester, Leeds, Birmingham, or Glasgow; but still more, perhaps, in that city of London which is not industrial but essentially commercial and financial in spirit, tradition, and genius. Nevertheless the sums gained in these international operations, which are certainly enormous, will in the end, flow back toward the British Isles. Together with the wages, which have stayed high, and the subventions of various sorts, which have remained systematically generous, they will stimulate an industrial production which has no longer the need, as formerly, to run through five parts of the world for customers. In this sense, England is less an exporter today than formerly. Perhaps she is relatively more a nation living on an income. Hence, in the economic attitude of that illogical land, certain contradictory tendencies contrive to coexist far better than they could anywhere else.

SECOND THOUGHTS ON HAVANA

By Walter Lippmann

I

IN looking back upon the Sixth Pan American Conference it is easy to see why it has been described both as a great diplomatic triumph and as a great disappointment. What happened was that except on minor matters the Conference did nothing. Those who wanted it to do nothing about the major matters which were in everybody's mind came back from Havana happily and triumphantly disappointed. Those who had hoped that the Conference would at least begin to clarify the Monroe Doctrine and our Caribbean policy came back cynically disappointed. Everybody was disappointed, but some were glad they were disappointed, and some were sorry.

The Conference had opened after many warnings that at Havana the United States would face a bloc of Latin-American nations determined at least to censure, and perhaps to put a curb upon, our extensive and self-assumed obligations in the Caribbean region. Our delegation seems to have assumed as a matter of course that if it could avoid a scolding, and deflect any proposal to limit our obligation, it would have fulfilled its mission. If this was its mission, it fulfilled it. Mr. Hughes described our policy in very noble terms. Nobody from Latin America arose to contradict Mr. Hughes and to say that it was not a very noble policy. On the other hand nobody said that it was a very noble policy. We emerged from the Conference having endorsed our own solitary obligation with our own solitary praise. We indulged ourselves in a unilateral vote of confidence in our unilateral policy. We had to do it. Nobody else was prepared to endorse our policy, or praise it, or give us a vote of confidence. The utmost we were able to obtain from our neighbors was their willingness to sit still and let us talk.

This, in the opinion of many, was a great victory. We had all somehow come to believe that "Latin-America" had one heart, one mind, and one soul, and that it was imbued with determination to do something about the hegemony which we exercise in the Caribbean. I still believe that our policies are disliked in Latin-America and that our purposes are suspect. But Havana con-

vinced me that the idea of anything like a concert of Latin-American states to oppose the United States was an idle fiction. Indeed, after a week or two in Havana I began to wonder how I could ever have been so obtuse as not to realize that if the Latin-American nations were sufficiently advanced politically to unite against the United States, they would long since have advanced beyond the stage where interventions are either necessary or feasible. A concert of Latin-American states "to curb American aggression" and "defend the sovereignty" of say Nicaragua or Haiti, could exist only if the twenty Latin nations had reached a standard of political morality which few if any nations anywhere have yet reached.

It would mean that they were prepared to take risks in conflicts where their own immediate interest is not involved. It would mean that they ceased to play for immediate tangible advantage. It would mean that they had given up their own multitudinous jealousies and ambitions. It would mean that their governments were self-sufficient enough not to fear the punishment nor desire the favors which we are in a position to bestow. It would mean that they had outgrown the racial, class, and sectarian animosities which divide them at home, and unite factions in one country in intrigues with factions in another. Latin-Americans, before they could form an international concert, would have to have outgrown their extreme particularism, their extreme nationalism, their extreme factionalism. And if they had gotten that far, they would no longer put upon the United States the necessity, nor offer it the occasion for intervening in their affairs. When they had advanced enough really to object as a body against our interventions, the policy of intervention would almost certainly be obsolete.

That there existed a formless sentiment against our policy among the delegates at Havana is fairly certain. It is even more certain that in almost all the countries from which they came, there exists among the best educated a very strong sentiment, which might, under provocation, become militant. But the diplomats at Havana did not translate this sentiment into any kind of political program. This was due in part to the fact that they did not wish to make their feelings effective, and in part to their inability to do so.

It was evident, I think, that almost all the delegates had private reasons for not taking upon themselves the rather quixotic

rôle of defending the rights of others. They would almost all have agreed, oratorically, that the rights of various nations had been unceremoniously ignored in the course of our thirty military interventions during the last generation. But practically, in January and February 1928, at Havana, in the presence of the kindly but stern eye of Mr. Hughes, under the observation of State Department officials with whom they, as Ambassadors or Foreign Ministers, have to deal for some time to come, they chose the course of prudence rather than of oratory. They did not make the humanitarian speeches they might have made, but instead almost each delegation took a line which suited the immediate practical needs of its government.

There was Cuba, for example, the host of the Conference. The *Government of President Machado* is hardly the kind of government to go crusading for, let us say, Nicaragua. The Machado Government happens to be a rather thoroughgoing dictatorship with a generous capacity to spend public money. It is in no position even to make faces at the State Department, for, having suppressed all semblance of political opposition at home, its ultimate protection against the otherwise inevitable revolution lies in the Platt Amendment. The Machado Government is possessed, moreover, by a strong desire for a modification of the United States tariff on sugar, and for a more easy-going attitude on the part of the State Department towards loans from Wall Street. It is not hard to see, therefore, why Cuba, in addition to its natural courtesy as a host, was also helpful to Mr. Hughes.

Our other Latin-American neighbor is Mexico. The delegation which President Calles sent to Havana reflected the new spirit in Mexican-American relations which Ambassador Morrow has created. The plain fact here was that the Mexicans were determined to do nothing at Havana which would spoil the prospects of a settlement between Washington and Mexico City. The notion that Mexico conceives herself as the leader of a great Latin-American movement directed at the United States was shown to be nonsense. Mexicans are primarily interested in Mexico; and in what goes on in Haiti, Dominica or Nicaragua they take only a rather casual interest. When they were threatened by us they no doubt looked around for help, and took a few fliers in Nicaraguan liberalism. But, given a chance to set their own affairs in order, they quite obviously prefer one Morrow in Mexico City to ten Sandinos in the bush.

Haiti and the Dominican Republic were hardly in a position to do anything contentious. About Guatemala I don't know. But Honduras and Costa Rica, which lie respectively to the north and south of Nicaragua, both have conservative governments, and therefore were not prepared to shed any tears over a policy which up to that time at least had worked out so well for their fellow conservatives in Nicaragua. In Central America, I am told, partisan feelings and partisan alignments run across the frontiers, with the result that factions of a similar character aid and abet each other. Thus the notion that one nation must not interfere in the internal affairs of another is really quite foreign to their practice. They interfere continually in each other's affairs, and if a faction can in a crisis induce the United States to interfere in its behalf so much the better.

Nicaragua itself had, of course, nothing to say, since the delegates represented the Diaz government which we were maintaining. There remain among the Central American nations only Salvador and Panama. In the person of Dr. Gustavo Guerrero, its Minister of Foreign Relations, Salvador did take a stand for the adoption of the famous line in the report made by the Commission of Jurists at Rio de Janeiro which would have prohibited all intervention by our State Department in the internal affairs of another as absolutely, and, I imagine, as effectively as our own prohibition law prohibits liquor at a politician's dinner. But Salvador is a small and uninfluential country. Besides Salvador there was Panama, which in the person of its foreign minister, Sr. Ricardo J. Alfaro, was charged with the high and difficult task of reporting on methods of adjusting international disputes. For reasons which I was never able to ascertain, Mr. Alfaro reported his plan for preventing war so late that the Conference could not consider it. He appeared with his report forty-eight hours before the Conference adjourned.

The South American nations obviously had many reasons of their own for not making an issue with us. The chief one, I fancy, is that they lie outside the orbit of our Caribbean policy, and are therefore not vitally concerned with it. Some of them, moreover, like Peru, Chile, and Bolivia, are much concerned with their own disputes, such as that over Tacna-Arica, and could not afford to sacrifice the favor of the State Department. The Argentine, which is politically and economically the least under our influence, did raise a flurry about the tariff. But the agitation of

Ambassador Pueyrredon somehow got itself tangled up with the Presidential elections in the Argentine, and collapsed. Brazil was hardly in a mood to acknowledge the political importance of the Argentine by following the leadership of Dr. Pueyrredon.

I do not suppose that this hasty outline really covers the complex motives which resulted in an almost unanimous willingness of the Latin nations to let our Caribbean policy go unchallenged. But I do believe that the facts I have alluded to are characteristic of the state of mind which our delegation encountered at Havana. We took full advantage of this state of mind, and Mr. Hughes's triumph, which consisted in preventing any real discussion of our policy, was achieved by an adroit tactical use of the opportunities presented. Whether Mr. Hughes's objectives were as good as his technique was skilful is another question. Whether, by winning this diplomatic battle as he did, he really gained ground or lost it is still another question. But it is undeniable that he found the Latin-Americans hopelessly divided, that he kept them divided without hurting their feelings, and that he convoyed the State Department safely through what the officials down there thought was going to be an unpleasant experience.

II

If it is the real purpose of the United States to regulate affairs in the Caribbean on its own sole responsibility, then what happened at Havana was a great political triumph. It was definitely demonstrated that the enormous unpopularity of our policy finds no effective political expression. As far as the Latin-American governments are concerned we are free to proceed as we see fit, consulting only our own interests and our own consciences, subject to no limitations except those we impose upon ourselves, accountable to no one but ourselves for what we do. The Monroe Doctrine, maintained wholly by our own power, guaranties us a free hand as against Europe and Asia; the disunion of the Latin-American States assures us a free hand as against them. This situation would be ideal if our purpose is to establish an empire around all the approaches to the Panama Canal.

The true measure of the Havana Conference can be taken only by weighing what happened in the light of what our real purposes are. Now it is not easy to know what our purposes really are. If we accept the official utterances of Presidents and of Secretaries of State, we are solemnly committed to the theory that we shall not

take another foot of territory belonging to an independent state, that we have no designs upon the independence of any state, that we seek no special privileges for our own nationals, and that our only desire is to see all the Central American Republics enjoying independent, constitutional, democratic government, accompanied by social progress, and an increasing prosperity. The theory is that if they had all these blessings, we should never intervene in their affairs, that we do intervene only because the breakdown of their institutions creates disorders which endanger the lives and property of foreigners, or the defences of the Canal, and that we cease to intervene as soon as there is a promise that the disorders are over. The fact that we did intervene and withdraw twice in Cuba, once in the Dominican Republic, and once in Nicaragua goes far to prove that this is in fact the general intention of the United States Government. Certainly, if the United States were aggressively imperialistic in the European sense of the term, it could readily have converted all the territory from the Rio Grande to Panama into a protectorate.

That there are politicians and private interests who would like to do that cannot, I believe, be denied. That they have in many instances imposed their views on the State Department seems also undeniable. But though they have exerted powerful influences on this matter and that, they have never wholly prevailed. The real sentiment of the country reflected both in Congress and in the Administration has sooner or later insisted that somehow we must not accept a permanent obligation to govern the Caribbean nations. A good deal of the confusion which has characterized our policy in the last twenty years is due to the fact that the first moves in any crisis are taken on the dictation or advice of interests which have far-reaching purposes, that, having made these moves, the Administration finds itself to its surprise and consternation more deeply involved than it wishes or than American opinion will approve, and that then it tries painfully to work its way out of the entanglement. Ultimately we do sincerely try to bring our actions into line with our professions of disinterestedness, but before we quite know what has happened we have been drawn into the most acute embarrassments.

The immediate circumstances which lead to an intervention are almost invariably due to revolutionary disorder. The lives and property of foreigners are threatened, and under our latter-day interpretation of the Monroe Doctrine we take upon ourselves

the obligation of protecting them. But to this obligation we have come to give the very broadest interpretation. In the Caribbean we do not intervene merely to save foreigners from being killed or wounded, or to protect property which is threatened with irreparable physical damage. We go much further, and assume that it is our obligation to insure to foreigners a general domestic tranquillity. At times we go even further than that, and assume that it is part of our obligation to see that the government in power is friendly to foreign interests, and that it will not through exorbitant corruption or through radical legislation interfere too much with the business of foreigners.

Now revolutions in Latin-America may be divided into two great classes, which we may for convenience call social revolutions and executive revolutions. The social revolution is typified most clearly by the line of Mexican leaders from Father Miguelo Hidalgo y Costilla through Benito Juarez to Madero, Carranza, Obregon and Calles. They represent the gradual rise of the native and the mixed population against the small class of great land-owners who descend from the Spanish conquistadores. They are part of an historic and an inevitable change in the economic class structure of Mexico. They have had their counterparts in other Latin-American countries, and in all human probability they will have more of them as time goes on. For the social system in Latin-America has for three hundred years been based on great feudal estates dominating masses of landless serfs. This social system is breaking up and in the long run nothing can prevent its breaking up. So when revolution begins in a Latin-American country the first thing to ascertain is whether or not it is a phase of this epoch-making social change.

The ordinary revolution in Latin-America is not of this sort. It is a mere transfer of the executive power from one faction to another. The chronic disorder in Nicaragua, for example, arising out of the rivalry between the old Spanish families in Granada who call themselves Conservatives, and the old Spanish families in Leon who call themselves Liberals, does not in any significant sense constitute a struggle between conservatism and liberalism. It is a struggle between two factions of the ruling class who in respect to social principles in dealing either with the natives or with foreigners are indistinguishable. The most corrupt and tyrannical of all Nicaraguan dictators was Zelaya, a Liberal, who took office in 1893 and held it until Secretary Knox threw him out

in 1909. Nicaragua has a particularly bad record, but by and large the ordinary revolution in Latin-America is merely a change of executive power inside the old governing class.

This kind of revolution is an essential part of the political system of many of these countries. They are nominally republics, but with very few exceptions none of them has learned how to change the government by counting heads. They do not have a party system and they do not have elections. The party in power invariably elects its own ticket by force and fraud, and the only way the opposition can obtain power is by seizing it. The result is that a change of administration in Central America almost always implies disorder and disorder always involves the possibility of American intervention. And this means that the State Department is inevitably drawn into the domestic political contentions of these countries, being compelled either to align itself with the faction in power or against it. For since the success of a revolution depends upon whether the State Department intends to intervene in behalf of the existing administration, or to recognize the rebels if they win, the Department is the decisive element in Central American party politics.

In 1907 at a conference of the five Central American Republics, which had the moral approval both of the United States and of Mexico, a convention was adopted which laid down certain principles intended to cure the revolutionary habit. Article I of a convention added to the General Treaty provided that "the Governments of the High Contracting Parties shall not recognize any other government which may come into power in any of the five Republics as a consequence of a *coup d'état*, or of a revolution against a recognized government, so long as the freely elected representatives of the people thereof have not constitutionally reorganized the country". This principle has, with some striking exceptions, guided the succeeding administrations at Washington in deciding whether or not to recognize a Central American government.

It was undoubtedly adopted with a sincere desire to discourage factional revolutions, and I have no doubt that it has discouraged many. But as a bald principle forbidding the recognition of any revolutionary government, it has raised new difficulties which are even more embarrassing to us than the disorder which we set out to cure. We refused, for example, as a matter of principle, to recognize the government set up as a result of the *coup d'état* of

General Emiliano Chamorro in October 1925. But having refused to recognize Chamorro, it was logical to assume that we would recognize Sacasa if he succeeded in undoing the treachery of Chamorro. But when Sacasa began a military rebellion to recover his office, we refused to countenance him either, and finally threw in our lot with Diaz, a man who belonged to Chamorro's party. Then when it was shown that Diaz had not force enough to maintain himself, we sent in the marines, and prevented Sacasa from defeating Diaz. We were thus placed in the unhappy position of maintaining a government by the bayonets of the marines in a country where there was no constitutional and orderly way of retiring our man Diaz from office. This drove us to the next step, which was first to disarm the opponents of Diaz, and then to take upon ourselves the incredibly difficult, not to say impossible, task of guaranteeing a free election. The effect, therefore, of refusing to permit a change of government by means of revolution has been to compel us to accept the burden of trying to provide Nicaragua with a peaceable substitute for revolution.

Thus step by step we have been pushed over a course which begins with the Monroe Doctrine and ends with our trying to impose free and fair elections upon countries which are theoretically sovereign and independent. The links in the chain have been as follows: under the Monroe Doctrine we alone can intervene in this hemisphere; because the Central American countries are too immature to conduct elections they have chronic revolutions; because they have revolutions they have disorder; because they have disorder we are compelled to intervene; because we do not wish to intervene we have in effect forbidden revolution; to enforce our prohibition we have to intervene; because we intervene we are in the morally unpleasant position of always supporting the existing régime; because we think that some change of government must be allowed, because no change can take place peaceably, because we won't permit changes that are not peaceable, we have to intervene again to compel the natives to submit to peaceable elections. What lies beyond that, I do not know. But it looks very much as if, having imposed a free election, we should have to keep the marines abroad to see that nobody demands a recount. We are finding it very difficult to impose self-government upon the natives.

This is the policy on which we so triumphantly avoided a discussion at Havana. That it is a successful policy, no one, I think,

will assert, least of all the responsible officials in the State Department. The worst thing about it is that it does not work. It is designed to prevent interventions and it simply makes intervention more elaborate and costly. It gives us the odor of imperialism, and yet our intention, I believe, is not to create an empire. It involves all the nuisance of empire without the constructive advantages of a well-managed imperialism. We have been respecting the sovereignty of Nicaragua and intervening in her affairs for twenty years, and at the end Nicaragua has less sovereignty and more misgovernment than if we had frankly annexed Nicaragua and set out to rule it.

Havana may not have been a good place to discuss the problem, though I am inclined to believe that the statesmanlike thing to do would have been to insist upon discussing it. Instead of manoeuvring to stifle discussion, and of uttering noble but ambiguous assurances that we mean well in Nicaragua, we should have taken the position that far from shrinking from discussion, we were there to demand that the Latin-American countries face the full difficulties of the question, and in some measure share with us the moral responsibility for dealing with it. Mr. Hughes was entirely right, I think, in dismissing the proposal of the jurists' commission to prohibit all intervention. He would have been entirely justified in repudiating any attack upon our good faith or our motives. But having done that, he should boldly and frankly have taken the position that policing Nicaragua is not a privilege which the United States enjoys, but a costly nuisance which it thoroughly detests, and that the time had come, or at least was coming, when Latin-Americans would have to share some part of the responsibility with us.

Had Mr. Hughes taken this position he might very well have lifted the whole Nicaraguan business to a new plane and have put the United States in a new light throughout Latin-America. I do not suppose that the Havana Conference would have worked out a program for solving the question, and I am quite prepared to believe that some delegates would have made cynical or acrid remarks. But at least we should have put this problem into its proper perspective by making it plain that we are not in Nicaragua as part of a general program of imperial expansion, but that we are there because somehow, against our will, circumstances have sucked us in, and that we should like nothing so much as to get out as soon as we can do it without

sacrificing any real interest or shirking any real responsibility. For the effect of avoiding discussion is to confirm the belief that what we really want in the Caribbean, however nobly we may talk, is a free hand.

III

If, as Mr. Hughes said at Havana, we entered Nicaragua "to meet an imperative but temporary exigency, and we shall retire as soon as it is possible," then it is a very real question whether, in avoiding a responsible discussion of our intervention, we did not accomplish precisely the result which it is in our interest to avoid. Granted that the disorders presented us with an imperative exigency. Granted that we had to enter Nicaragua when and as we did. Is it not plain that in making ourselves the sole judges of how imperative the exigency was, and the sole judges of when it will be possible to retire, we have put ourselves in a position before the world of asserting a right which rests at last upon our preponderant power? It is debatable as to whether the intervention was necessary, but surely the one certain objection to it is that it is an invasion of the sovereignty of another country without any international sanction whatsoever. The presumption is always against intervention. It is at best a necessary evil. But the presumption is ever so much greater against a solitary intervention. For when an intervention is declared to be necessary by two or more powers, the odium is distributed and the claim of disinterestedness is somewhat more plausible.

Looked at in this light, our achievement in diverting the interest of Latin-America from our Caribbean policy was not much of a triumph. On the contrary, the failure to interest Latin-America was in the most fundamental sense a failure. The United States is quite strong enough to do what it chooses in the Caribbean. Nobody denies that, and it is no great feat to hush up the rhetoric of nations which are powerless to stop us from doing what we wish to do. But if the real purpose of the United States is disinterested, as I believe it is, then what the United States is bound to desire is some kind of international recognition of its policies. Its objective must be not merely to avoid a scolding, but to enlist as many other nations as possible to share the moral responsibility of intervention.

I have already alluded to the practical difficulties which stood in the way of a Latin-American concert. It does not seem to me

likely that the twenty governments to the south of us will for many years to come have the international maturity necessary to establish a society of nations. Nevertheless, because of our strength and influence, it seems to me essential that the State Department should adopt as a cardinal principle of its Latin-American policy the desirability of drawing the Latin-American countries into its confidence, and of making them share, as far as they can be persuaded to share it, the onus of intervention. The idea itself is not new. In 1906, for example, when war broke out between Guatemala and Salvador, President Roosevelt invited President Diaz of Mexico to join him in offering mediation. The United States and Mexico were joined by Costa Rica and Nicaragua in organizing a successful peace conference. President Wilson reached out for diplomatic coöperation to South America several times during his difficulties with Mexico. But of late years the State Department seems to have lost interest in this type of diplomacy and to have reverted to the method of isolated action.

It should, I believe, return to the precedents set by Roosevelt and Wilson. There is no need to deny that a coöperative diplomacy is more cumbersome, is often disappointing, and may at times be less immediately effective than an unrestrained single-handed policy. But it is far less irritating to the opinion of the world, and for all its difficulties it is well worth the trouble.

Assuming agreement on the general desirability of a coöperative diplomacy, the question may be asked as to where we are to find nations of sufficient importance to coöperate with us. Europe is ruled out under the Monroe Doctrine. South America is remote from the Caribbean, and is not, I think, likely at present to assume any important part of the burden. My own view is that, following the precedent set by Roosevelt, we must look to Mexico.

A year ago this suggestion would have seemed preposterous to most Americans. But we must remember that for a long generation, up to 1910, Mexico had a very stable and influential government, and we may assume that it will again have one. It is not over-optimistic to believe that the régime which began with President Obregon in 1920 is now well on the way to stabilization, and that Mexico is approaching the time when it may be counted upon again as one of the strong nations of this hemisphere. I do not believe it is in the least utopian to believe that in the future it will be possible to enlist the help of Mexico in determining how to pacify the more backward countries of the Caribbean.

A more far-reaching suggestion, which is well worth exploring, is that Canada be invited to join the Pan American Union and take her part as a great nation in Pan-American affairs. The advantage to the United States of having another independent English-speaking nation participating must have been evident, I think, to anyone who watched the conference at Havana. The United States has every interest in welcoming the entrance of Canada into Pan-American affairs. The question is whether Canada would accept such an invitation, and whether the Latin-American nations could overcome their inevitable fear of a too great influence of the English-speaking peoples. To Canada it might be pointed out that the affairs of this hemisphere are at least as much her affairs as the affairs of Europe, and that if she can take the responsibility of membership in the Council of the League she can take responsibility as a member of the Pan American Union. To the Latin-Americans it could be pointed out that two English-speaking nations would not supplement each other's force, but act as checks the one upon the other.

In any event, by one means or another, the United States, if it is to avoid a repetition of the moral disaster in Nicaragua, is bound to seek international coöperation in future interventions. That seems to me the more hopeful line of policy rather than to attempt to lay down rigid general rules about the recognition of revolutionary governments. There are no universally valid general rules. Each case needs to be dealt with on its merits. The fundamentally desirable thing is that we should not seek to deal with it all alone. If we make that our guiding principle we shall not get ourselves entangled in all the embarrassments which arise from trying to prohibit revolution entirely in countries which cannot operate an electoral system, and then in lieu of revolution trying to operate an electoral system for them.

It would be far wiser to discountenance most revolutions, and yet occasionally to countenance them. The real way, moreover, of curing the revolutionary habit is frankly to exert our influence on behalf of better government. We have great power. But we tend to exert that power either to protect our narrowest interests or to reserve it for a crisis. We ought rather to exert it continuously upon the governments in power on behalf of orderly administration and of social reform. That will do more than anything else we can do to prevent the upheavals which create the "imperative exigencies" in which we intervene.

Such a diplomacy is not easy. It requires the same kind of statesmanship which Mr. Morrow has brought to Mexico, and I am frankly of the opinion that it is a wholly impracticable diplomacy for the ordinary political diplomat who is dispatched to Central America, or for the ordinary young career diplomat who goes there, like a soul to purgatory, wondering how soon he can manage to be promoted to London or Paris. Diplomacy in Central America is the most difficult kind of diplomacy which we have to conduct. It is the least fashionable and the least enchanting. It should be reserved for men of distinction, for men who have succeeded in life and do not need a diplomatic appointment to improve their social position, and for young men who would like to do a real piece of work. Today these Central American posts, though they are intrinsically of extraordinary importance, are, barring perhaps Siam and Abyssinia, the least desired. The work often is done by men whose hearts are elsewhere, by men who feel that their positions are held in low esteem. We shall blunder along in the Caribbean as long as this state of affairs continues, for diplomacy is fundamentally a matter of men and not of diplomatic notes and diplomatic theories.

OUR FOREIGN POLICY

A REPUBLICAN VIEW

By Ogden L. Mills

WHEN the Republican Administration came into power on March 4, 1921, the country had given a clear and unmistakable indication of the line which it desired that our foreign policy should take. The preceding campaign had been fought largely on the issue of whether this country should abandon its traditional policy of independence in foreign affairs and should substitute for it a policy under which our independence of action might be subordinated to the decision of other nations.

Even during the war our traditional policy had been scrupulously maintained. President Wilson had been careful to specify the conditions on which we entered into a limited partnership with other nations for the conduct of the war, and had insisted that that partnership be described as "The Allied and Associated Powers". Having entered the war on our own terms and for certain designated objectives, when those objectives had been attained and peace had been secured, the nation showed that it was ready to put an end to the temporary partnership and in the future to conduct its foreign relations in accordance with the historic American policy.

That policy, which had been firmly established during the Administration of Washington, was well described in the words of Jefferson as one of "peace, commerce and honest friendship with all nations, entangling alliances with none." Its underlying principles had always been independence and coöperation. But independence had never meant isolation, nor had coöperation implied alliances and special arrangements with other nations. Even in Washington's and Hamilton's day, when the Farewell Address was first uttered and when the United States was a small and struggling nation, it was recognized that America could neither hope to remain undisturbed by world currents nor expect not to be drawn into wars which threatened her interests or her security.

The War of 1812 conclusively proved this to an earlier generation, as the World War proved it to our own. America was no more directly concerned in the struggle for European supremacy during the Napoleonic campaigns than she was in the causes lead-

ing to the tragedy which began at Sarajevo. And yet in each instance a chain of events was started in which we finally became involved. In both instances, when the time came, America did not fail to assert her rights, or to fight until they were vindicated. And in each instance, when her ends had been achieved, she reverted instinctively to her traditional attitude and made clear that she would not become part of the European System, nor let herself be permanently enmeshed in controversies "the causes of which are essentially foreign to our concerns."

Such has been America's foreign policy since the very beginning of the government. It has been consistently adhered to; and so firmly had it become established that, when the World War came to an end, the public had an instinctive feeling that the nation should get back to first principles and continue to govern its conduct by the only foreign policy it had ever known.

When the new Administration took office in 1921, the groundwork had already been laid. The question of joining the League of Nations was no longer an issue. The Treaty of Versailles had failed of confirmation and the Senate had refused to accept for this country a mandate for Armenia or even to consider a treaty of alliance with France. America had declined to participate in the various Allied conferences and had made it clear that she would not be drawn into any of the post-war combinations and alliances into which our former associates in the war were finding it desirable to enter.

So much for the negative side of the picture. On the positive side our foreign relations were in the worst possible tangle. Although peace had come over two years before, the nation was technically still in a state of war. Our relations with Mexico and with many of our neighbors to the south were, and for years had been, highly unsatisfactory. In the Far East a situation was developing which was giving rise to uneasiness and promised serious consequences for the future, if not dealt with immediately and with frankness and courage.

Such were the conditions when the new Administration took hold. A firm hand was necessary and both boldness and vision were needed in working out a policy which would protect American interests and at the same time allow us to do our part in helping the world to get back on its feet again. How did the Administration proceed? Not by high-sounding phrases or promises which the American people would not — and could not — carry out;

but by getting down to "cases", which is indeed the only way in which foreign relations can ever be conducted. As with the Anglo-Saxon system of jurisprudence, so with foreign relations; a policy develops slowly by reason of cases decided in accordance with certain established principles and not by mapping out in advance a theoretical policy to which cases, as they arise, are made to conform.

The first task to which the Administration addressed itself was the establishment of peace. Negotiations were immediately opened with Germany, Austria and Hungary, and treaties were concluded under which America lost none of the rights and advantages which she would have had as a party to the Treaty of Versailles, while at the same time avoiding responsibilities and commitments which she was not willing to undertake.

Other problems connected with the peace settlements have been gradually worked out. The question of war claims has proved a difficult one, and a satisfactory solution has only recently been found. Under the Settlement of War Claims Act, approved by the President on March 10, 1928, an agreement was reached for the settlement of war claims of the United States Government and its citizens against the German, Austrian and Hungarian Governments, and of the claims of the nationals of those Governments against the United States. Provision was also made for the eventual return to its owners of all of the property seized by the Alien Property Custodian during the war and for the return of a very substantial amount immediately. America thus adheres to her traditional policy of respect for private property and at the same time ends the hardships of many individual property owners and releases large sums for productive purposes.

Another question which remained to be settled was that of our adherence to the World Court. While public sentiment was opposed to this country becoming a part of the League of Nations, there was nevertheless a very widespread feeling that we should omit no opportunity to do our part for the advancement of peace and particularly for the judicial settlement of international disputes and of all questions which are justiciable. The United States has always taken a leading part in promoting judicial settlements and public sentiment strongly supported the President in sending a message to the Senate, early in the Administration, asking consent for the United States to become a member of the Permanent Court of International Justice at The Hague.

On January 16, 1926, the Senate passed a resolution authorizing such action, subject to five reservations which, as directed, were submitted by the Secretary of State to the other powers who were members of the Court. Subsequently, these reservations were practically agreed to, with the exception of the fifth or last reservation. That reservation provided in substance that the Court should not render any advisory opinion except publicly after due notice to all the states adhering to the Court and to all interested states, and after public hearing or opportunity for such hearing, nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any question in which the United States claims an interest. There the matter has rested until recently when it was brought before the Senate by Senator Gillett, but so far no agreement has been reached which will bring the impasse to an end.

While making clear our determination not to assume responsibilities as a member of the League of Nations or to commit the United States in advance to the employment of its power in unknown contingencies, this Government has at all times pursued a policy of friendly coöperation with the League and has taken part in various international conferences called by that organization. At the World Economic Conference which met at Geneva in May, 1927, for the purpose of discussing economic problems in the fields of commerce, industry and agriculture, the American delegation, under the leadership of Mr. Henry M. Robinson, took an active and important part. A further conference, held later in the year, came to an agreement regarding import and export prohibitions which will release foreign trade from many hampering restrictions. During the same year the United States participated in the Conference on communications and transit, held at Geneva, to collect and exchange information which will facilitate various means of communication.

The United States was officially represented by a delegation at the Conference held in Geneva in May-June, 1925, at which a convention for the control of the international trade in arms, munitions and implements of war, together with a protocol for the prohibition of the use in war of asphyxiating and poisonous gases and of bacteriological methods of warfare, was adopted. Again in February, 1927, at the meeting of the Special Commission created by the League to draft a convention relative to the private manufacture of arms, an American representative was present and gave

the views of this Government. At the Preparatory Commission for the Disarmament Conference, which met at Geneva at intervals during 1926 and 1927, the United States was represented by a delegation of nine members.

I have cited these activities at some length because it is necessary to refute the charges frequently made by League partisans in this country that the present Administration has either refused to have anything to do with the League or has pursued a course inimical to it and has thereby retarded the good work which that organization might have been able to accomplish if it had been given the benefit of our whole-hearted coöperation. How groundless are these charges is obvious to anyone who has followed the efforts which this country has made to be helpful in furthering any well-directed efforts towards better international conditions, whether such efforts have originated with the League or with any other agency.

At the same time the United States has worked in its own way to bring about peace and stability in the world. Early in the Administration public opinion in this country was becoming restive at the lack of progress in the reduction of armaments; and particularly was it disturbed at the spectacle of a seeming rivalry in naval construction between the two great English-speaking nations, Great Britain and the United States, whose combined fleets should be a guarantee of the safety, never a threat to the peace, of the world. There was also the spectre of a growing rift between this country and Japan.

During the progress of the war the Far Eastern question had become increasingly complicated and serious both in its present and in its future implications. In the words of Lord Balfour, "a state of international tension" had arisen in the area of the Pacific. American public opinion had been disturbed by Japan's twenty-one demands on China, by her retention of Shantung, by evidence of growing disorders and inability to maintain stable self-government in China, and by the prospect of a renewal of the Anglo-Japanese Alliance, under which America would face naval competition with both Japan and Great Britain.

In tackling these difficult and delicate problems, fraught with such danger to the future peace and security of the world, it was necessary to act with boldness and a high order of statesmanship. Fortunately, the Washington Administration was equal to the occasion. On the invitation of the President a conference was

called to meet at Washington in November, 1921, to consider the limitation of armaments and Pacific and Far Eastern questions. Invitations were extended to Great Britain, France, Italy, Japan, China, Belgium, Portugal and the Netherlands as the nations most concerned with the questions to be considered.

At the outset, Secretary Hughes, with dramatic suddenness, made a definite proposal for the limitation of naval armament, which, as regards capital ships, was accepted with modifications. Thus, at one stroke, an end was made of existing competitive programs in capital ships. At the same time, the relative security of the great naval Powers was left unimpaired; and, as regards replacement tonnage of capital ships, the ratio for the United States, Great Britain and Japan was fixed at 5:5:3.

In the settlement of Far Eastern questions, definite, and perhaps even more important, results were achieved. Under the Four Power Treaty, which was negotiated between the United States, the British Empire, France, and Japan, it was agreed that each would respect the others' rights in relation to their insular possessions and dominions in the Pacific, and that this Treaty should supersede the Anglo-Japanese Alliance. Furthermore, under the Treaty Relating to Principles and Policies to be Followed in Matters Concerning China, formal recognition was given to the principle of the "open door" or equality of opportunity in China, one of the fundamental principles of American foreign policy as first enunciated by Daniel Webster as Secretary of State and further developed by Secretary Hay. Spheres of influence in China were to be no longer sanctioned. Since the conference ended, the Lansing-Ishii Agreement between the United States and Japan has been cancelled by mutual consent; and Japan has evacuated both Eastern Siberia and Shantung.

Throughout the conference, the Japanese met the American proposals in a spirit of great fairness and accommodation, and there has been a notable improvement in the relations of the two countries ever since. Indeed, among the most important results achieved by the conference are those which are imponderable and make for better understanding between nations which were fast drifting apart. Altogether the Washington Conference of 1921 will rank high among the diplomatic achievements of this Government and will prove an important landmark along the road to permanent peace.

In pursuance of the policy there inaugurated, the President

subsequently invited the four other chief naval Powers to a second conference; and, Great Britain and Japan having accepted, the conference of the three Powers assembled at Geneva on June 20, 1927, to discuss the possibility of further naval disarmament. Due largely to a divergence of opinion regarding cruisers between the British delegates on one side and the American and Japanese on the other, the conference adjourned without arriving at any conclusion. Something was accomplished, however, in the understanding which was brought about as to the nature of each nation's problems, and the difficulties which must be overcome before effective disarmament can be achieved.

It was with a knowledge of these difficulties and because, if such difficulties are to be removed, war must first be renounced as an instrument of national policy among the principal nations, that the Secretary of State has undertaken to negotiate a multilateral anti-war treaty which shall be world-wide in its application and shall renounce without qualification war as an instrument of national policy between nations signatory to the treaty. This proposed treaty grew out of a proposal made in June, 1927, by the French Government to the Government of the United States, proposing a pact of perpetual friendship between the two countries and agreeing that the settlement of all disputes or conflicts, of whatever nature or origin, which may ever arise between the two countries, shall never be sought except by pacific means.

The American Government, believing that such a definite and unqualified renunciation of war offered a practical means to permanent peace, not alone between France and the United States, but among all other nations, proposed to France that all nations, or at least the principal world Powers, be invited to adhere to a declaration renouncing war as an instrument of their national policy. After an exchange of notes this was agreed to; and the United States and France have submitted two draft treaties to the other powers for consideration, that of America being marked by the utmost simplicity in its language and provisions, while the French draft attempts to provide for all possible contingencies both as regards past commitments and future dangers. The Secretary of State in a recent speech has pointed out that adherence to the American draft of this treaty will in no way violate the obligations of France or of any other government as a member of the League of Nations or as a signatory to the Locarno Treaties or the Treaties of Neutrality, and that, while the proposed American

draft of an anti-war treaty makes no specific reference to the right of self-defense, that right is not and cannot be impaired or restricted.

If such a treaty as that proposed is agreed to, the signatory nations will specifically undertake, among themselves, to refrain from any attack or invasion and never to seek the settlement of any difference or conflict of whatsoever nature or origin that might arise between them save by pacific means. Should this effort succeed, if not in abolishing all war immediately, at least in abolishing it between the principal world Powers and thereby rendering another world war impossible, it will be an achievement of the utmost significance; and, regardless of what may be the immediate outcome, great credit is due to Secretary Kellogg and to the Department of State for the brilliant manner in which these negotiations have been conducted and for the way in which they have reflected the sincerity of purpose and vision of this Government.

The proposed anti-war treaties above described constitute only one part of the program which this Government has initiated for the advancement of world peace. The second part is the framing of new arbitration treaties to take the place of the so-called Root Treaties, some of which expired this year. The Arbitration Treaty with France, which was signed last February, is being used as the model in negotiations now being conducted with the British, German, Italian, Japanese, Norwegian, Spanish and other Governments.

The French Treaty specifically reaffirms the provision in the Bryan Treaty of 1914 for investigation and report by a permanent international commission of all disputes not settled by diplomacy or submitted to arbitration, and thus unites in one document the related processes of conciliation and arbitration. It also provides that all matters which are justiciable in their nature by reason of being susceptible of decision by the application of principles of law or equity, shall be submitted to the Permanent Court of Arbitration at The Hague, with the exception of the following matters which are excluded from arbitration: disputes the subject matter of which is within the domestic jurisdiction of either of the parties, or involves the interests of third parties, or depends upon or involves the maintenance of the Monroe Doctrine, or depends upon or involves the obligations of France under the Covenant of the League of Nations.

It is only justiciable questions which are susceptible to arbitration and few, if any, of the exceptions noted are justiciable in their nature. Political questions cannot be arbitrated because no principles of law exist by which they can be decided; nor can a nation agree to arbitrate purely domestic questions such as immigration, tariffs and taxation. Questions which are non-justiciable or are political in their nature, if they become acute or threaten war, must be adjusted through such means as conciliation, whereby a disinterested effort can often succeed in reconciling conflicting viewpoints.

We have treaties establishing a procedure for conciliation, as in the Knox Treaty of 1911, the eighteen Bryan Treaties of 1913, the Washington Treaty of 1923 between the United States and five Central American Republics, and the Santiago Treaty of 1923 between the United States and fifteen Latin-American countries. Ratifications of the last-named treaty, however, are still in process of being deposited.

Such is the mechanism already in existence for the prevention of war; and I am satisfied that the efforts which have been and are now being made by the present Administration will do much to strengthen and complete this mechanism and to advance the cause which this nation has so much at heart, namely, the peaceful settlement of all disputes which might bring on war or disturb the relations between governments.

As regards financial questions, the foreign policy of this Government has been aimed at helping to secure stability abroad and to bring order out of the financial chaos existing when the present Administration took office. On every side problems were pressing for solution. The question of reparations had not been settled; the inter-governmental debts contracted during the war had not been funded; in most of the large countries the budgets had not been balanced and the currencies were subject to violent fluctuations which retarded the growth of foreign trade and had repercussions in this country and throughout the world.

The crux of the whole situation seemed to be the reparation question. Statesmen and diplomats had made repeated efforts to settle it, without success; and matters seemed to be drifting from bad to worse. So impressed was this Government with the seriousness of the situation that in December, 1922, in a speech at New Haven, Secretary Hughes suggested that an international committee be formed, composed of eminent business men who

would deal with the economic problem involved, not from the political angle, but solely on its merits and with a view to reaching some practical solution. Subsequently, in November, 1923, such a committee of experts was appointed by the Reparation Commission "to consider the means of balancing the budget and the measures to be taken to stabilize the currency" of Germany, also to consider the problem of reparation payments and to evolve a plan under which such payments might be organized within Germany and transferred to the creditor nations. The American members of the Committee were General Charles G. Dawes, Mr. Owen D. Young and Mr. Henry M. Robinson.

The Plan evolved by the Committee was accepted by the Allied and German Governments and on September 1, 1924, operations under the Plan began. An American, Mr. S. Parker Gilbert, was appointed Agent General for Reparation Payments; and to the good judgment and tact which he has shown in carrying out a difficult undertaking is due much of the success with which the Plan has met.

Under the Plan, the United States receives about \$13,000,000 annually as payment of the costs of the American Army of Occupation and also about \$11,000,000 annually in payment of American claims against Germany, awarded by the Mixed Claims Commission. The other nations are receiving the payments allotted and so far Germany has found no difficulty in making the payments for the initial years. So far the Experts' Plan is fulfilling its purpose, first of all in removing from the field of controversy a subject which is largely economic in character, and secondly, in stabilizing the budget and the currency of Germany and thereby restoring confidence within Germany itself and helping to promote stability in Europe at large.

Another element of uncertainty in the post-war situation was the question of inter-governmental debts. So long as they remained unsettled, they constituted an unknown quantity in the balance sheets of both debtor and creditor governments. Currencies could not be stabilized; credit was affected; and the extension of commercial relations among the various countries was seriously retarded.

This Government felt that it was necessary to act promptly and with firmness. The state of public opinion in this country was reflected in the Refunding Act, which was passed by Congress at the beginning of the Administration creating a World War Foreign

Debt Commission with specific instructions that no part of the debts was to be cancelled and that the time of repayment was not to be extended beyond 25 years; and providing that the rate of interest was not to be less than $4\frac{1}{4}$ percent.

It soon became apparent that refunding on these terms could not be accomplished; and the Commission accordingly, under enlarged authority received from Congress, negotiated such settlements as were within the capacity of the respective nations and submitted such settlements to Congress for ratification. In this way agreements have been reached with Great Britain, Finland, Hungary, Lithuania, Poland, Belgium, Czechoslovakia, Latvia, Estonia, Italy, Yugoslavia and Rumania, bringing the total amount which has been funded to date to \$7,497,354,000. In addition an agreement has been reached for the funding of the French debt, amounting to \$4,025,000,000, but the agreement has not yet been ratified.

In all of these settlements the Debt Commission considered the disorganization of economic life which was brought about in Europe by the war, and reached agreements which it believes are fair both to the American taxpayer and the foreign debtor nations. The Debt Commission in negotiating the settlements has proceeded on the theory that the foreign debtor nations must be permitted to preserve and improve their economic position, to bring their budgets into balance, to place their currencies and finances on a sound basis, and to improve the standard of living of their people. The Commission believed that no settlement which is oppressive and retards the recovery and development of the foreign debtor nations is to the best interests of either the United States or of Europe. It has accordingly spread out repayments over a period of 62 years in order that the amounts to be paid during the early years shall be such as are within the reasonable capacity of the various nations to which aid was extended during and after the war.

The whole problem of the debts has been a difficult one. The manner in which it has been handled has given rise to criticism from extremists who believe, on the one hand, that the debts should be "cancelled" and the Liberty Bonds by which they are represented at home should be paid by the American taxpayer, and, on the other hand, by those who feel that too great leniency has been shown in the length of the period of repayment and in the low rate of interest which has been exacted. But in this, as in

other matters, the Administration has been obliged to face facts, not theories, and to work out a solution which protects American interests and at the same time does not ignore our moral obligation to help the world, so far as we can, in getting back on its feet again. As Secretary Mellon has well said, "in the end we shall be of most help if our financial policies toward Europe are backed not by sentiment but by sense, and if those policies are directed not toward ameliorating merely present hardships, but toward laying the foundation for a prosperity that will be permanent."

No picture of the post-war period, more particularly with reference to the assistance this country has given the rest of the world, would be complete without some mention of our Federal Reserve System and also of the close coöperation between the great central banks which has been so potent a factor in the last few years. During the war and the reconstruction period which followed, the services rendered to the country by the Federal Reserve System can not be overestimated. It has been able not only to promote stabilization in this country, but also in the world at large, the most conspicuous instance being the assistance given Great Britain at the time that country returned to the gold standard, the part we played in the return of Belgium to the gold standard, and, more recently, the assistance given Poland and Italy in coöperation with the other great central banks. All this has contributed not only to the stability of Europe but to the prosperity of this country, for the nations of the world must be reëstablished on a sound financial basis if our surplus products, both agricultural and manufactured, are to find an export market.

The financial aspects of our foreign policy have an important bearing not only as regards Europe but also in promoting trade and closer relations with the nations of Central and South America. With all of these countries we enjoy a trade which each year is rapidly increasing. Furthermore, now that the financial reconstruction of Europe is well under way, American capital is turning more and more to the countries south of us for the purpose of aiding the development of their great resources and commercial opportunities. For all of these reasons, it is important that our foreign policy towards Latin America should be clear cut and give no grounds for misapprehension as regards either the desires or intentions of this country.

The cornerstone of this policy has always been the Monroe Doctrine. We adhere to that Doctrine as a safeguard to the

territorial integrity of all the Western nations. There is nothing aggressive about it. It is, on the other hand, essentially defensive; and confusion arises only when it is sought to make this Doctrine a cover for all our dealings with the nations of the Western Hemisphere.

We do not wish to be forced ever to intervene in the affairs of other nations. There is no desire on the part of this country to dominate anywhere outside of its own borders. Anyone who knows the American people knows that they are essentially peaceful and that they desire independence not only for themselves but for others. Secretary Hughes well stated the attitude of this country when he said at the recent Pan-American Conference at Havana:

“It is the firm policy of the United States to respect the territorial integrity of the American republics. We have no policy of aggression. We wish for all of them, not simply those great in area and population and wealth, but for every one, to the very smallest, strength and not weakness.”

We recognize the equality of all the American Republics and that, as sovereign powers, all enjoy equal rights under the law of nations. But sovereignty carries with it certain obligations and among these is the duty of each State to protect the rights which the nationals of other States have acquired within its territory in accordance with its laws. It is, therefore, the obvious policy of the United States to encourage stable governments throughout the Western Hemisphere, so that the rights of foreign citizens, acquired constitutionally, shall not be endangered by political upheavals and revolutions. We cannot under these circumstances forego the right to protect, under well established rules of international law, the rights of our citizens, nor can we afford to allow other nations to interfere in the affairs of this Hemisphere under the pretext of protecting the rights of their nationals. We shall not seek to evade these responsibilities; but at the same time we expect on the part of others a recognition of our position and a fair and unbiassed interpretation of our actions.

A case in point is Nicaragua. Obviously we could not do less than to send troops there when American lives were in danger and the situation had gotten beyond control of the local authorities. In such a situation, the right and the duty of intervention are so well established under international law that for the United States to avoid its responsibilities would be a derogation

of its sovereignty. Furthermore, in such a situation, the responsibility devolves upon the President to determine when the circumstances call for such drastic action. It was not surprising, therefore, when an effort was made in the Senate recently to limit the Executive as to the circumstances under which he can exercise this right of intervention conferred upon him by the Constitution, that the effort was decisively beaten. Senators of both parties recognized that the action of the Coolidge Administration is not only in accord with international law and Constitutional authority, but is in line with the policy which has been upheld in countless instances in former administrations, including the last Democratic Administration, in cases arising in Mexico and Haiti as well as in Nicaragua itself.

At the present moment, however, our position in Nicaragua is governed by special considerations. In its initial stages our policy was determined not only by the question of affording protection to lives and properties of our own and other nationals, but by reason of our responsibilities under an agreement between Nicaragua, Guatemala, Salvador, Honduras and Costa Rica, made in 1907 and renewed in 1923, under which the five Central American nations agreed not to recognize a government which came into power in any of these countries through a *coup d'état*.

While the United States was not a party to that agreement, the conferences of 1907 and 1923 were held in Washington and at the latter conference the Secretary of State of the United States presided at the request of the five Republics. We were committed, therefore, to the support of these nations in their effort to promote constitutional government; and, as an insurrection had broken out in Nicaragua and the existing government had been overthrown, we could not recognize the de facto government established by the leader of the insurrectionists but waited until a president was chosen by the Congress of Nicaragua. In the disorders which later arose among the factions opposed to his authority, American lives and property were endangered and it became necessary to send American troops to Nicaragua to help maintain order and also, under an agreement which was reached with all factions, to supervise a fair and impartial election which shall give effect to the will of the Nicaraguan people. Our troops are there now, seeking to put this agreement into effect; and, under all the circumstances, the duty is incumbent upon us to carry out the obligations which we have assumed.

Mention must be made also of the present situation as regards Mexico. There our policy has been based on the accepted principles of international law. We have sought only to protect the lives of our citizens and the property rights acquired by them in good faith. Certain laws were enacted by the Mexican Congress which seemed to threaten those rights as regards land and petroleum, and a long correspondence ensued. Due in part to the efforts of Ambassador Morrow, a business man of outstanding ability, matters are rapidly being adjusted and the disputed questions are in a fair way to being settled.

Turning now from Latin America to the Far East, we find that throughout the troubled period of the last few years our traditional American policy has been firmly and successfully maintained in that part of the world. No other part of our foreign policy is more definitely established — or less understood — than our Far Eastern policy, especially as regards China. As long ago as 1868, in a treaty negotiated between America and China, we agreed to the principle of non-intervention in China's affairs and stated that the United States had no desire to take anything away from China — nor indeed have we ever taken anything. Again in 1899, this Government proposed to the Powers that, as regards their "spheres of interest" in China, there should be recognized the principle of equality of commercial opportunity and that the Powers should undertake to respect China's territorial and administrative integrity. This policy, which was enunciated by John Hay, one of the great Secretaries of State that the Republican Party has given to the nation, was further defined and formally recognized in the Washington Conference of 1921, as indicated above; and it constitutes today a guide-post by which all policy towards China must be charted. At no time have we deviated from that policy or infringed any rights of China, regardless of the clamor that has been raised in some quarters with reference to our action in protecting American lives and property in China.

The Chinese people today are in the throes of a great political upheaval. Throughout the vast area which they inhabit the antiquated economic order has collapsed beneath the efforts to superimpose upon it too rapidly Western methods of business and political organization. There is in China no central authority which can speak for the Chinese people and enforce the national will either within China itself or in its dealings with outside nations.

Instead, we find that government in China has become regional; and, in the clash of native military leaders, each seeking to establish his authority over a wide territory, the rights of foreigners are frequently invaded and in some localities all political authority has for the time being disappeared. Under such circumstances, the Powers have been obliged to send naval forces to Chinese waters to protect their nationals, whose lives have been endangered; and in this joint effort the United States has participated. But such action on our part should not be confused with intervention in the affairs of China.

Senator Borah said:

"There seems to be an impression that we are intervening in China, but we are doing no more than attempting . . . to insure the safety of our nationals there. We are not sending our armed forces to China to do battle with the armed forces of China. We are simply sending our men there to do police duty."

And President Coolidge said:

"Our troops are in China solely to protect American lives. . . . They are not there to make war on Chinese nationalism and they will not be pooled with the troops of other foreign Powers. They will coöperate with other foreign Powers for the specifically limited purpose of protecting American lives when coöperation promotes this end, but there will be no 'unified command.'"

We wish to deprive the Chinese people of none of their rights. We ask only that they set up a stable government which can protect our nationals in *their* rights, and offer to the world a responsible central authority with which we can treat. At no time has America been a better friend to China than in the restraint which she has showed in the last year or two. There is nothing in the whole record of our dealings with China of which any American need be ashamed and there is in it much of which we can be proud. We have refused to retain the Boxer Indemnity of 1901, and by Joint Resolution of Congress on May 21, 1924, completed the action initiated by President Roosevelt in 1908, by returning the remainder of our share of the indemnity imposed on China as a result of the Boxer uprising. China has devoted the proceeds of this remission to educational purposes under the direction of Chinese and American trustees; and the result has been a still further strengthening of the friendship which has always existed between the two countries.

There remains the question of Russia. With the Russian, as with the Chinese people, this country has always been on terms

of special friendship. The friendly attitude of this Government for the Russian people has been repeatedly evidenced, as in its scrupulous respect for safeguarding Russian interests at the time of the Conference on Limitation of Armaments, and again in voting money and supplies for the use of the American Relief Administration in helping the famine-stricken people of Russia.

But, as regards the recognition of the Soviet Government, the United States has held that it would be both futile and unwise to enter into formal relations with that Government so long as it persisted in a policy of repudiation and confiscation and also continued to carry on, through the Communist International and other organizations with headquarters at Moscow, carefully planned operations for the overthrow of the existing political, economic and social order in other nations. As Secretary Hughes said in 1923:

“The fundamental question in the recognition of a government is whether it shows ability and a disposition to discharge international obligations. . . . In the case of Russia we have a very easy test of a matter of fundamental importance, and that is of good faith in the discharge of international obligations. . . . Our own Government, after the first revolution, loaned about \$187,000,000 to Russia. I may say that we were the first to recognize the Kerensky Government; that government did not profess a policy of repudiation. Now what did the Soviet authorities do? In their Decree of January 21, 1918, they made this simple statement, ‘Unconditionally, and without any exceptions, all foreign loans are annulled.’”

The Soviet authorities have given no evidence of any change in attitude on their part; and until they give some indication of a willingness to comply with accepted principles governing international relations, I can see no hope of ending the present anomalous situation and establishing relations on the basis customary between friendly nations.

This, however, does not preclude, nor has it retarded, the promotion of commercial intercourse between the people of the two countries. This Government places no obstacles in the way of the development of commercial relations, provided it is understood that individuals and corporations trading with Russia do so on their own responsibility and at their own risk. Russian nationals, even if associated with the Soviet régime, are permitted to come to the United States in the interest of trade.

In our dealings with Russia, as in other matters, our foreign policy has been grounded on certain firmly established principles,

and those principles we have refused to barter away even when it might have seemed of temporary advantage to do so. But we have lost no opportunity to advance American trade by every legitimate means in our power; and not only has the Foreign Service been used for this purpose but a special organization of commercial attachés has been built up as part of the Bureau of Foreign and Domestic Commerce of the Department of Commerce. Under the direction of Secretary Hoover, this service has been of great benefit to the American business man seeking contacts abroad and reliable information on which to plan an invasion of foreign markets. Our foreign commerce now totals about 9 billion dollars annually, and the foreign investments of American citizens amount to more than 12 billion dollars and are increasing at the rate of a billion dollars a year. It is of vital importance, therefore, that our foreign policy should be such as shall not only protect American trade but also contribute to the stabilization of conditions throughout the world and to the increase in prosperity of other nations with which our commercial and economic life is so closely interwoven.

The day of isolation in world affairs is over. Nor is there any disposition on our part to seek an aloofness which can never be anything more than imaginary. We do not shirk our responsibilities as a world power, but we still maintain our right to define what those responsibilities are and to decide under what circumstances we shall use our power and our resources.

It is this policy which the present Administration has sought to carry out. There is nothing new or surprising about it, for it has always been the historic American policy. We adapt it, as the years go by, to changing circumstances, not only in our national life but in the world at large and in our new relation to it as one of the great and powerful nations. But in its essentials it remains the same policy it has always been; and I, for one, hope we shall continue to chart our course in dealing with other nations by the landmarks which we have always known and by which America has been brought to her present position of greatness and power among the nations.

OUR FOREIGN POLICY

A DEMOCRATIC VIEW

By Franklin D. Roosevelt

IN our century and a half of national life there have been outstanding periods when American leadership has influenced the thought and action of the civilized world towards international good will and peace; and there have been moments — rare ones, fortunately — when American policy either has been negative and sterile, or has earned for us dislike or fear or ridicule.

I believe many millions of citizens in the United States share my conviction that the past nine years must be counted on the debit side of the ledger.

Since the summer of 1919 our country has had to face the charge that in a time when great constructive aid was needed in the task of solving the grave problems facing the whole earth, we have contributed little or nothing save the isolated Naval Conference of 1921. Even here the ground gained was not held. The definite sacrifices we made were not productive because we assumed that a mere signature was enough; no machinery was set up to finish the work. This is a negative charge. On the positive side, we must admit also that the outside world almost unanimously views us with less good will today than at any previous period. This is serious unless we take the deliberate position that the people of the United States owe nothing to the rest of mankind and care nothing for the opinion of others so long as our seacoasts are impregnable and our pocketbooks are filled.

An analysis of our own history disproves the accusation that this selfish spirit is the real American spirit. In the debates during the war of the Revolution and in the long discussions immediately preceding the adoption of the Constitution it was plain that careful thought was being given to every conceivable form of government in the hope that what the United States finally adopted might serve as a pattern for other peoples, especially in regard to the spirit that should govern the relations of one state with another. The words of the Declaration of Independence itself invoke a "decent respect to the opinions of mankind."

Through more than twenty years of European turmoil follow-

ing the French Revolution our course was a pacific one, marked by a growing understanding of the old-fashioned evils of privateering, impressment and interference with neutral commerce by belligerents. It is worth while to remember that the modern "economic boycott" had its ancestor in the interesting if premature "embargo" and "non-intercourse" laws of Jefferson.

After the general peace of 1815, the newly-won independence of the Central and South American nations provided frequent opportunities for reconquest and disturbance; our response was the Monroe Doctrine, a policy aimed not only at self-protection but, in the larger sense, at continental peace. Promulgated by a Democratic Administration, it was our counter-move against the desperate attempt of the Holy Alliance to curb the rise of liberalism by interfering in the internal affairs of government and by crushing revolting colonies desirous of setting up democracies. Here again the thought of America was not solely selfish, but was influenced by an ideal.

As the years passed, American foreign policy, through ups and downs, showed a broadening tendency towards settling disputes peacefully, helping sister nations, and gaining the world's respect and good will. With Canada, our nearest neighbor, the Maine and Oregon boundaries were permanently adjudicated and the whole frontier was disarmed. In the Far East our attitude of respect for Chinese national integrity, the Perry Expedition, and the visit of Townsend Harris to Japan were, in comparison with European habits, founded on peaceful methods not on naval bombardments. The settlement by arbitration of the Alabama claims and later of the Fisheries and Behring Sea controversies were further milestones on the same road.

Those of us who remember well the war with Spain, will agree that, in spite of the slogan "Remember the Maine," the country's deep-seated approval of the war grew out of a desire for the liberation of the people of Cuba from a stupid and antiquated Spanish yoke. It was not a war of revenge, but the offer of a helping hand. It took the elder statesmen of Europe ten years to believe that we had no intention of annexing Cuba.

So also the useful if unsuccessful agitation by the "Anti-Imperialists" helped to fix it as a national policy that we should educate the Filipinos with a view to their ultimately being ready for self-government. This was the precursor of the "Mandate" theory of the League of Nations.

In China the policy of John Hay in behalf of the "open door" had much to do with preventing the despoiling of the falling empire of the Manchus, and the United States later increased its moral ascendancy in the Far East by refunding for the cause of Chinese education its share in the Boxer indemnity monies.

With the new century we became an increasingly important factor in world affairs. America helped in the organization of the Hague Tribunal and on her invitation Russia and Japan negotiated the Peace of Portsmouth. Our active participation in the Moroccan question and the Algeciras Conference marked the application of moral leadership in what had been wholly the European sphere. Henry White, later appointed by President Wilson as one of the American delegates at Paris, played a very useful rôle in 1906 at Algeciras. His actions there, following the instructions of President Roosevelt, were approved generally by the people of the United States at that time. In this period of strenuous activity in the whole wide range of foreign affairs perhaps the only important event which did not show that finer spirit of which I have spoken was the executive action in recognizing the revolutionists in Panama almost before the revolution was born. The end may have justified the means, but the means stultified our historic position in Latin America and violated the rights which are a weaker nation's safeguard against imperialistic encroachment.

In 1909 began four years which counted as a definite setback in our liberal leadership. "Dollar Diplomacy" as adopted by President Taft and Secretary Knox placed money leadership ahead of moral leadership in the Far East. This policy was extended to Honduras and Nicaragua, and the American Marines who went to the latter country in 1911 as a very definite part of a banking deal have been there almost continuously ever since. To these years also belongs the Panama Canal Tolls legislation, a definite breach of an existing Treaty. It was healed several years later when, at the insistence of President Wilson, the offending legislation was repealed.

We are apt to think of the Wilson Administration's foreign policies only in terms of the Great War. We forget that from its earliest days it marked a restoration of high moral purpose to our international relationships. In 1913 the President threw "Dollar Diplomacy" out of the window by refusing to approve a six-power loan to China. He based his action broadly on the wish

to see China retain control of its own resources and not become subject to further dismemberment at the hands of European creditors. Next came the very notable declaration to Latin America in the Mobile speech in October, 1913: "The United States will never again seek one additional foot of territory by conquest. She must regard it as one of the duties of friendship to see that from no quarter are material interests made superior to human liberty and national opportunity." President Wilson's policy towards Mexico, ridiculed as "watchful waiting," was in line with the Mobile declaration, and a growing belief among South Americans in our honesty of purpose resulted in the offer of mediation by the "A. B. C. powers" — Argentine, Brazil and Chili. Here was an action which future statesmen can and should turn to great advantage. The problem was a local one; Mexico is at our very doors. Yet we hailed gladly the friendly offer of three other American republics, thousands of miles away, in another continent, to help work out a constructive solution. Only the explosion of the World War prevented the fruitful development of this method of dealing with Latin American difficulties.

It is not possible here to describe in detail the principles that guided American action during the greater part of the World War. Suffice it to say that under grave provocation from without, and under criticism at home not only from sympathizers with both sets of belligerents but also from those who simply loathed our inaction and sought action of any kind, the Administration was guided by two cardinal principles: First, it sought to live up to the obligations of a neutrality which the final verdict of history could not criticize. Secondly, it was determined to insist on the historic American policy regarding neutral rights. Many there are who feel that we turned the other cheek too often, but even they will admit the President's high purpose, and the ultimate good to mankind that came from our final participation in the World War only after we had shown our aversion to war and had established firmly a set of fundamental principles.

Several months before our own declaration of war the President began to unfold a vision of a new relationship between nations. A return, at the close of the most devastating conflict of history, to the old methods of alliances and balances of power would leave the world worse off even than it had been in 1914. Sacrifice, suffering and misery were futile unless they could show the way

to a new path. Slowly through 1917 and 1918 the American President brought home to the hearts of mankind the great hope that through an association of nations the world could in the days to come avoid armed conflict and substitute reason and collective action for the age-old appeal to the sword. Just as the four years of the war had produced enormous economic changes in the internal affairs of all nations, so this appeal brought with it an equally great spiritual change. History will show that it was a powerful factor in the collapse from within of the armies of the Central Powers. An old order was indeed changing, giving place to new.

Man proposes. But this is not the place to write a résumé of the year following the termination of hostilities. Even though the Treaty of Peace was harsh and contained, as was perhaps inevitable, echoes of pre-war controversies, President Wilson, with general American approval, succeeded in obtaining world support for a system of coöperation and conciliation to deal with matters of common concern and to eliminate at their source the causes of future wars. Regarded by many as merely an interesting experiment, this league, even without our participation, has in the passing years become for the rest of the world the principal agency for the settlement of international controversy, for the constructive administration of many duties which are primarily international in scope, and for the correction of abuses that have been all too common in our civilization.

The present position of the United States in world affairs dates from 1919, for during the last two years of the Wilson Administration a bitterly hostile opposition in the Senate prevented any constructive action, and further, this nation, free as Europe was not from post-war penury, turned to internal industrial development and did its best to forget international subjects.

When, therefore, the Harding Administration was organized in 1921 it interpreted the temper of the nation as being weary of international leadership and uninterested in further efforts to follow the vision of a new era which it had so enthusiastically welcomed three years before. The new President was in no sense a leader; the Presidency he thought of as essentially a routine political job. So vague were his ideas that his campaign and his years in office gave constant evidence, particularly in the field of international relations, that citizens of diametrically opposite opinions could join in his support and praise. He was given at

least lip-service by League of Nations supporters, by the bitterest League opponents, and by those who talked of the creation of some entirely new association of nations. It will always be a regret to fair-minded Americans that, except in one instance, the Secretary of State, Charles Evans Hughes, allowed his great ability and high ideals to be wholly smothered by the caution and smallness of the President's mind and the provinciality and ignorance of most of his professional political advisers.

That exception was the Washington Conference for limitation of naval armaments. By Mr. Hughes's proposal of a bold and concrete program a naval ratio between the principal sea powers applying to battle-ships and battle-cruisers was adopted. This was a definite and practical step, but it must be remembered that the naval agreement covered only capital ships and left much to be accomplished later. Many people assume that Great Britain accepted complete naval parity with the United States, but the whole field of cruisers, destroyers, submarines, and aircraft is left open to a competitive race of the old style. Here was the blemish on Secretary Hughes's otherwise fine performance.

Last year President Coolidge's Administration undertook to supplement the 1921 agreement by calling a naval conference at Geneva. The ground was not prepared. The effort was a failure before it started. France and Italy declined to enter. The representatives of Great Britain, Japan and the United States were in large part naval officers unaccustomed and unequipped to discuss and decide matters of state policy. In the background was the mistake of having allowed competitive cruiser building to get to such a point that backing down became difficult. Our Government seems to have enjoyed from 1921 to 1927 the beautiful dream that all naval questions really had been settled for good and all. It apparently did not even instruct its diplomatic representatives abroad to make the inquiries which would have shattered that placid self-satisfaction. Nor has the State Department dealt conclusively with the increasingly vital problem of the regulation or prohibition of the use of poison gas and high explosives against civilian populations.

When the Geneva conference dissolved into thin air, the Coolidge Administration acted as if we were back in the days of Napoleon. "All right," we seemed to say, "If you can't agree to our proposed methods of reducing war-ship building, we'll show you what we can do. We have all the money and resources

in the world. We will build the kind of a navy that no other power can equal." The Navy Department made a solemn proposal to spend \$2,500,000,000 on this parade of power. It was so ridiculous that the sum was reduced to \$1,500,000,000, then to an even billion, and was finally sent to Congress as an appeal for authorization to build \$740,000,000 of ships, chiefly large cruisers, within eight years. This, let us remember, was the official Administration program. It was an open admission, first of the Administration's complete failure to limit by agreement the extent of building, and secondly of the adoption of a new policy of starting to build on an enormous scale. Naval competition is today the result of our bungling diplomacy.

This is perhaps an indictment of the present Administration which may not seem important to the immediate future, but the situation is already serious. We have had a fine record in the past as a nation opposed to large standing armies and navies, and sympathetic to all efforts to decrease their size and cost. Now we are embarked on a program of naval expansion — when our position in the world is unparalleledly secure, in a time of no threatened trouble. In a little over two years, under the terms of the Washington Treaty, the replacing of battle-ships can begin again, and in 1936 the Treaty itself ends. With this record, a similar administration would have a task of extraordinary difficulty either in preventing a resumption of building or of extending the life and the principles of the present Treaty.

The time is at hand to undertake a wholly new approach to the subject. There is, in the last analysis, no real need for much more than a police force on the seas of the civilized world today. Only five nations maintain navies of great size. Many other nations spend useless millions on a handful of expensive ships which serve no possible purpose. Two steps seem to offer avenues of success, and would probably have the support of the "average voter" if presented in non-technical language. The navies of England, Japan and the United States do not exist today for the primary purpose of repelling invasion. The German fleet is gone, and the French Navy reduced by agreement; England, therefore, under present conditions can forget her old fear of another Armada. Only the most excited of the Admirals will seriously consider the possibility of invasion either of the United States or of Japan by sea.

Peace times lanes of commerce, which must be held open in

time of war, are the principal reasons today for continuing the increase of navies. The first step, therefore, must be a new effort to obtain agreement among the nations as to what shall happen to merchant ships in time of war. Piracy walked the plank two centuries ago. Privateering went sixty years ago. Is there no further step to take? So far, little has been accomplished to settle many of the sea problems left open by the war. There is the broad field of inquiry as to the rights of neutral commerce. This involves the defining of blockades and of contraband, the right of search, and the methods of speedily settling questions between a neutral and a belligerent nation. From these problems of policy arise other problems of practice, such as the employment of merchant ships as cruisers, the arming of cargo vessels, the use of convoy, the methods of submarine attack. We have done nothing with these problems since 1919; it is time a start were made. But it must be pointed out that the whole subject is more or less bound up with the attitude of the United States towards Europe and the League. Until the United States clarifies its general relations, difficult maritime problems will keep cropping up.

As a result of any success in this field will come the second step, the careful preliminary examination and interchange of views — unofficial friendly “chats around the table” — to determine in advance of 1931 what kind of agreement will best extend and strengthen the splendid ultimate ideal of the Naval Limitation Treaty. Perhaps a clarification of the true instead of the supposititious naval needs of England, Japan and the United States will enable us to suggest once more to civilization another step in the cause of peace. But the leadership of the American President and the activity, resourcefulness and far-sightedness of his Secretary of State will have to be of a very different order from what they are today.

Our credit, then, is not at par in naval disarmament. What has happened to other efforts to establish and maintain the principles of peace? The United States has taken two negative steps. It has declined to have anything to do with either the League of Nations or the World Court. It is beside the point at this time to agitate the question of our membership in the League. There is no doubt that a majority of American voters has been opposed to membership on the conditions under which the other nations have joined. We see other great nations making use of the League without loss of national sovereignty, but we are opposed to any official

participation in purely European affairs or to committing ourselves to act in unknown contingencies.

Nevertheless we see more and more the great effectiveness of the League in many matters which do concern us, — international health work, improvement of labor conditions, aid to backward peoples, the improving of education, the clarification of international law, assistance to world trade. Best of all, it offers a common round table where threats against the peace of the world can be discussed and divergent views compromised. Even without full membership we Americans can be generous and sporting enough to give to the League a far larger share of sympathetic approval and definite official help than we have hitherto accorded.

More and more people here are coming to see that the League has taken a leaf from the note-book of modern industry. A generation ago capital and labor were at each other's throats. Strike or lock-out was the remedy. Today each side realizes that at least there is another side. Today, friendly conference has in large measure superseded riot. Sitting around a table works better than issuing hostile statements. Why does not this rather obvious fact of human nature, first applied successfully to relations between individuals and then to relations between aggregations called companies or unions, apply with equal truth to larger organizations called nations?

We have had "observers" or unofficial representatives at many conferences at Geneva on subjects vital to us. It seems possible that even the Senate would agree to let this nation do officially what President Coolidge in several cases has done unofficially. We should coöperate with the League as the first great agency for the maintenance of peace and for the solution of common problems ever known to civilization, and, without entering into European politics, we should take an active, hearty and official part in all those proceedings which bear on the general good of mankind.

So too with the World Court. There is no doubt in the minds of many that if the President had had the will and the leadership some way could have been found, with the approval of the Senate, by which this nation without loss of any real or even contingent sovereign right could sit with the other nations at the only tribunal of justice which is in practical and efficient operation. "This Court," wrote a contributor to an earlier number of this

review,¹ "is the latest institution wrought out by the civilized world's general public opinion against war, for the purpose of giving effect to that opinion. It is an essential and indispensable institution for the effectiveness of that opinion and the proposal that the United States take part in supporting the Court should be welcomed as an opportunity by all the people who have been talking in favor of abolishing war and preventing war and outlawing war, but who have not as yet arrived at any practical steps tending in that direction." These are not the words of a Democrat, but of the most eminent living Republican statesman, Mr. Elihu Root. Perhaps the country will find in the Democratic Party, rather than in the party which has repudiated what Mr. Root stands for, the national leader who, by the application of common sense and the ordinary principles of fairness and good business dealing, will enable the United States to help — instead of clinging tightly to the top rail of the fence.

We Democrats, in fine, do not believe in the possibility or the desirability of an isolated national existence or a national development heedless of the welfare, prosperity and peace of the other peoples of the world. The American people never would be willing consciously to handicap the League in its efforts to maintain peace. Yet since the war our attitude is that we do not need friends, and that the public opinion of the world is of no importance. Secretary Kellogg is at the moment engaged in a pre-election effort to make this nation feel self-righteous by a general declaration abjuring war. Words without deeds are not enough.

Two matters of recent occurrence are not germane to this review of official American policy. The able assistance of three Americans in working out the Dawes Plan was carefully disclaimed by the Administration as a wholly private venture before they started for Paris. When they succeeded, many politicians, including President Coolidge and Secretary Hughes, pointed with pride and claimed them for their own.

So, too, the debt settlements seem to be in most part water which has gone over the dam. Most of the war debts have been dealt with by governmental agreement, and it is worth while to speak only of a few results. Our Government loaned to Europe about \$10,000,000,000. It will receive in return (over a period of years to be sure) about \$22,000,000,000. The other important fact is that these settlements are one of the many causes for the

¹ "Steps Toward Preserving Peace," *Foreign Affairs*, Vol. 3, No. 3.

dislike in which we are held among the peoples as well as the Governments of Europe. It is all very well to say that "nobody loves a creditor." True, but every creditor is not a hated creditor. In a time of general poverty and retrenchment our Government has seemed greedy. This is not mainly because we have refused to let considerations of sentiment influence our attitude toward our late comrades in arms, but because while exacting payment we have by our discriminatory and exorbitant tariff policy made it doubly hard for them to pay. We have wanted to eat our cake and have it too.

Last of all, and in many ways most important of all, is the subject of the Americas. The Wilson Administration started splendidly by eliminating "Dollar Diplomacy," and by the Mobile speech to which I have already referred. It helped the cause of better feeling on the part of the Central and South American nations by its ready acceptance of the offer of Argentine, Brazil and Chili to be of friendly assistance in Mexico. But intervention as we practiced it in Santo Domingo and Haiti was not another forward step. It is not that assistance of some sort was not necessary; it was the method which was wrong. I had a slight part in these actions. As they are excellent illustrations of circumstances which may recur it is worth while to summarize them.

In the case of Santo Domingo we had had for several years by treaty an American Customs Receiver in that Republic, principally to insure the payment of the external debt. Serious political disturbances endangered economic life and threatened anarchy, and when a revolution left the country without a president, a cabinet or a legislature, or even any form of government, American marines and sailors were landed. They remained until last year. Peace was insured, good roads, railroads, sanitation, honest taxes and honest expenditures were introduced, and the government was handed back to the citizens of Santo Domingo after a stewardship of about twelve years. We accomplished an excellent piece of constructive work, and the world ought to thank us.

In Haiti a worse situation faced us. That Republic was in chronic trouble, and as it is close to Cuba the bad influence was felt across the water. Presidents were murdered, governments fled, several times a year. We landed our marines and sailors only when the unfortunate Chief Magistrate of the moment was dragged out of the French Legation, cut into six pieces and thrown

to the mob. Here again we cleaned house, restored order, built public works and put governmental operation on a sound and honest basis. We are still there. It is true, however, that in Santo Domingo and especially in Haiti we seem to have paid too little attention to making the citizens of these states more capable of reassuming the control of their own governments. But we have done a fine piece of material work, and the world ought to thank us.

But does it? In these cases the world is really the Latin American world, for Europe cares little about what goes on in Santo Domingo or Haiti or Nicaragua. The other republics of the Americas do not thank us, on the contrary they disapprove our intervention almost unanimously. By what right, they say, other than the right of main force, does the United States arrogate unto itself the privilege of intervening alone in the internal affairs of another Sovereign Republic?

The net result of these instances, and recently of the far less justified intervention in Nicaragua, is that never before in our history have we had fewer friends in the Western Hemisphere than we have today. We are certainly far from popular in Canada; we are slightly better off than last year in Mexico, thanks to the individual efforts of Mr. Morrow and Col. Lindbergh; and in the sixteen Republics of Central and South America the United States Government by its recent policies has allowed a dislike and mistrust of long standing to grow into something like positive hate and fear.

The time has come when we must accept not only certain facts but many new principles of a higher law, a newer and better standard in international relations. We are exceedingly jealous of our own sovereignty and it is only right that we should respect a similar feeling among other nations. The peoples of the other Republics of this Western world are just as patriotic, just as proud of their sovereignty. Many of these nations are large, wealthy and highly civilized. The peace, the security, the integrity, the independence of every one of the American Republics is of interest to all the others, not to the United States alone.

It is possible that in the days to come one of our sister nations may fall upon evil days; disorder and bad government may require that a helping hand be given her citizens as a matter of temporary necessity to bring back order and stability. In that event it is not the right or the duty of the United States to intervene alone. It is rather the duty of the United States to associate

with itself other American Republics, to give intelligent joint study to the problem, and, if the conditions warrant, to offer the helping hand or hands in the name of the Americas. Single-handed intervention by us in the internal affairs of other nations must end; with the coöperation of others we shall have more order in this hemisphere and less dislike.

How the present administration has bungled the Nicaraguan matter is too recent to need description, but how it has wholly failed to advance a single step in our Latin American relations is just beginning to be understood and regretted. It failed dismally in the effort to settle the Tacna-Arica dispute between Chili and Peru. It has only one success to its credit, and that a negative one. The recent Havana conference of the Pan American Nations threatened to bring out not only hostile speeches but definitely hostile action towards the United States. Former Secretary Hughes averted this. That, in the judgment of most people, is about all that can be said.

So the record has been written. The facts are with us. In a period of great international activity in the improvement of machinery to avoid war and to settle all manner of troubles, we must look back on nine gray years, barren of constructive result on our part, if the naval armament temporary pact be expected. Today our Secretary of State is working on a glorified multi-powered declaration solemnly resolving against war. He has rediscovered the Bryan Treaties. He can do no direct harm by these efforts; but if he fails to do concrete good he may satisfy many fine aspirations with something unreal. It is of the utmost importance that this nation realize that war cannot be outlawed by resolution alone. That has failed for two thousand years. Since earliest history nations have entered into treaties of "eternal peace and friendship." Time after time solemn agreements have been signed only to fall under the heat of misunderstanding or the desire for power. The primary cause of failure in the past has been the lack of machinery for the elimination of the causes of disputes before they reach grave proportions. Practical machinery must be erected and kept in good working order. Secretary Kellogg's plan, even if approved by the leading nations, still fails in two points. It leads to a false belief in America that we have taken a great step forward. It does not contribute in any way to settling matters of international controversy.

In the simplest terms, this is the argument for a policy different

from that of the past nine years. Up until then most of our history shows us to have been a nation leading others in the slow upward steps to better international understanding and the peaceful settlement of disagreements. During these nine years we have stood still, with the unfortunate effect of earning greater or less ill will on the part of the other civilized peoples. Even a lack of good will in the long run must affect our trade, as we have been shown by a recent concrete example in Argentina. Neither from the argument of financial gain, nor from the sounder reasoning of the Golden Rule, can our policy, or lack of policy, be approved. The time is ripe to start another chapter.

On that new page there is much that should be written in the spirit of our forbears. If the leadership is right — or, more truly, if the spirit behind it is great — the United States can regain the world's trust and friendship and become again of service. We can point the way once more to the reducing of armaments; we can coöperate officially and whole-heartedly with every agency that studies and works to relieve the common ills of mankind; and we can for all time renounce the practice of arbitrary intervention in the home affairs of our neighbors.

It is the spirit, sir, which matters.

TEN YEARS OF BOLSHEVISM

By Boris Bakhmeteff

“With the ancient is wisdom; and in length of days understanding.”

Job XII, 12.

TROTSKY'S exile to a remote town of Asia by order of Stalin, the present master of Communist Russia, brings to memory how in Paris on April 5, 1794, the guillotine fell on Georges Jacques Danton, that greatest of revolutionists, the man who deposed King Louis and saved Revolutionary France by organizing resistance against the Coalition of Europe. The parallel is suggestive. Unquestionably Trotsky was the most picturesque figure in the Russian upheaval. As first Commissar for Foreign Affairs he elaborated the policy of World Revolution and led the war to an abortive end at Brest-Litovsk; later, as Military Chief, he built up the Red Army and organized victory over the so-called White movement, commanded by the old Generals and supported by the Powers. His fate, like Danton's, exemplifies a climax of “Revolutionary ingratitude.”

Other members of the “Opposition” who shared Trotsky's downfall were also Communists of high rank: Zinoviev, head of the Third International; Kamenev, President of the Moscow Soviet; Rakovsky, only recently Ambassador to France — not to speak of others. Obviously the banishment of these leaders is a development of first importance.

Rebellious outbursts were expected by some; Russia remained outwardly calm. The exile was interpreted by others as a sign that the Soviet Government was moving to the right, with Stalin heading a group inspired by moderate intentions; such views are not substantiated by facts. The present tendency of the Communist Government is decidedly to the left, towards more intransigent practices. Moreover there is no substantial difference in principle or creed between Trotsky and Stalin. Both are fanatical revolutionists, orthodox Communists. Here again is an analogy with revolutionary France — one could scarcely specify just what divided Danton from his executioner, Robespierre. World Revolution, Socialist Economics, Dictatorship of the Communist Party — on all these major subjects Stalin and Trotsky, those exiled and those who remain in power in Moscow — are one. The

differences are solely of a tactical nature, matters of method and procedure, shades of opinion such as have prevailed all through these years when Russian Bolshevism has faced the world in adamant unity of spirit and deed.

That unity is gone. This is the main fact. Bolshevism is torn by violent divisions. Community of purpose does not longer suffice to hold the party together. Personal ambitions are rife. Dictatorship by individuals or by party groups has become imperative.

Incidentally, the expulsion of Trotsky and his colleagues from the Communist Party occurred while Jubilee festivities were being held in Moscow to celebrate the Tenth Anniversary of the Soviet Government. It was on November 9, 1917, that the Bolsheviks forcibly seized power in Petrograd and established their rule over Russia. The prognostication at the time was that their Government would last but a few weeks. The mistake *then* was to underrate the potency and the depth of the revolution. After ten years the Soviet Government appears outwardly as strong as ever. The Bolsheviks have survived famine, economic destitution, civil war, and at times the active hostility of the outside world. No wonder the present forecast of many is that the Communist mastery over Russia will be perpetuated. Nevertheless it may be said that the mistake *now* is to undervalue the working of social dynamics, to fail to grasp the substance of evolution in broad historical perspective.

II

The Russian situation is reputed to have been marked by puzzling inconsistencies. As a matter of fact, such inconsistencies are often of essence to the case. A basic contradiction pervades all the ten years of Communistic rule. It is revealed in a continual disagreement between Communist theory and actual achievement. On the other hand, it is related to certain features common to human upheavals in general. In every revolution there comes first the storm, the tidal wave that sweeps away dynasties, institutions, the existing order. This is the destructive phase, also the temperamental one, for it is here that vengeance, terror, all the gruesome passions are displayed. Then comes convalescence, recovery — the stream of life is settling into new channels. In this “reconstructive” period common sense often prevails, and conscientious endeavor, as the groups in power strive to build a new life in accordance with their creed.

For Lenin governmental power was but a means to establish society on a collectivist basis. A Socialist State was the goal, clearly defined and fanatically pursued. What a stroke of historical irony, that now, after ten years, one realizes that the Bolsheviks were successful, and most notably so, when they acted as *Revolutionists*, that is, when they marshalled destruction and terror; but that the same Bolsheviks were a decided failure when they acted as *Communists*, that is, each time when they attempted to embody into life the principles of their faith. Yet, such is the fact that dominates all these years of Bolshevik rule. In spite of ruthless energy, no measure of practical socialism has actually taken root. Russia obediently let itself be led by the Bolsheviks into the fury of revolution; but the country grimly resisted every effort on their part to be saddled with collectivist precepts.

This feature has been manifested from the very beginning. Communism had little to do with the Bolsheviks coming to power. The demoralized soldier mob of Petrograd cared nothing for Communistic ideas when they did away with the Kerensky Government. The eruption of the human volcano had its sources deep in the ignorance, poverty and social hatred bred by centuries of oppression under the old régime. The trials and dislocations of the war fanned these broodings into frenzy. The other groups tried, although in vain, to keep the revolutionary spell within bounds. The Bolsheviks were the only ones, and therein lies the secret of their success, to take it upon themselves to encourage and incite further the rage of the people. Mobs are always subject to fear, conscious of possible chastisement. Lenin's triumph was in the sanctioning of violence, in legalizing ravage and lust. Future historians may term that a pact with Satan. But whatever the price, the Bolsheviks got what they wanted. They solidly entrenched themselves at the head of government, with an efficient police system and a host of well-disciplined Red Guards to protect them. Thus there came to be a stronghold of Communist power, which persists until now.

The revolutionary sweep made quick work of all that could incite social hatred and class antagonism in Russia. The land-owning gentry, the social basis of autocracy, was wiped out. The middle classes were deprived of their property and hunted into seclusion or exile. The war stopped abortively. For a while the wildest passions raged without any restraint. But human orgy never lasts. The wilder the outburst, the shorter. The hurricane

began to subside. Exhausted and disheartened, the people were looking for peace and yearning for a resumption of normal life.

It was at this cross-road, early in the annals of the Bolshevik rule, that the chasm opened between the populace, tired of the revolutionary storm, and the Communist Government, for whom "Revolution" had only begun. Indeed the Government was applying itself with all ruthlessness to harnessing Russia with "direct Communism." Some future historian may write a narrative, tragic and fascinating, of how the Communists attempted to rebuild Russia in immediate, if naïve, conformity with their faith. That was the epoch of so-called *Militant Communism*, a period lasting about four years. The attempt was a cataclysmic failure. The whole edifice of organized life crumbled; industries and transportation were paralyzed; the peasant stopped cultivating and resisted forcible confiscation of foodstuffs with wide-spread guerilla warfare. The experiment ended in the famine of 1921. Such was the reaction of life against collectivist enactments. But strange to say, even at this period, amidst chaos and destitution, the country responded to Bolshevik leadership, when "Revolution" and not "Communism" was the issue at stake. It was then that the Red Army was reforged by Trotsky and inspired to victory against the "Whites." At times an alleged threat of "foreign danger" would prompt an outburst of genuine national feeling, the people rallying to the Government which was supposed to be standing for national defense. Again how similar to 1792, when ragged France met the challenge of anti-Revolutionary Europe.

In the face of economic disintegration and the open hostility of the peasant the position of the Communist Government became untenable. Lenin was forced to yield. The year was 1921. Militant Communism was scrapped; the New Economic Policy (the NEP) was inaugurated. Thus ended the first act of the Bolshevik Drama.

The second period, that of the NEP, has lasted until this day. It has been marked by gradual and at times energetic recovery. In fact, Russia of 1928 is very different from Russia of 1918. Ten years ago the country was all horror, destitution and chaos. It now presents the features of a regularly functioning State, with Government re-established, industries operating, human activity resumed in most walks of life. The signs of convalescence are so numerous and apparent that the fact of Russia's survival, the

certainty of her ultimate recovery, should be accepted beyond peradventure.

Let it be clear. The adoption of the NEP did not repudiate Communism. It carried no fundamental change in aim or principle. It was a tactical expedient meant to save the country from economic ruin and to preserve at the same time governmental power in the hands of the Communists. But sufficient adaptations of principle were enacted in the direction of individualistic economics and usual governmental practices to arrest disintegration and stimulate recuperation.

The biggest concessions were made to the peasant. Land was returned to the cultivator for permanent tenantry, taxation was restored to usual forms, and private trade was allowed within certain limits. Life thus was infused into peasant agriculture. The tilled area rapidly increased and by now has about reached the pre-war level.

In the realm of industry, the NEP did away with direct labor control, and introduced "State Capitalism." The purpose was to preserve political dictatorship by maintaining government ownership of industry, transportation and foreign trade. So Russia became a gigantic structure of economic *étatisme*. The factories and mines, confiscated from the former owners, were turned over to "industrial trusts" — bodies appointed by the Government to manage the plants on behalf of and for the benefit of the State. Compared to the primitive anarchy of militant communism this was a great improvement. The following figures show the movement of industrial production:¹

	<i>Annual Production (Millions of pre-war rubles)</i>	<i>Percentage in comparison with 1913</i>	<i>Percentage of in- crease over pre- ceding year</i>
1913	6,391	100	
1921-22	1,344	21	60
1922-23	2,156	34	20
1923-24	2,583	40	52
1924-25	3,917	61	47
1925-26	5,731	90	16
1926-27	6,637	104	14
1927-28 (planned)	7,600	118	

Roughly speaking, the pre-war level has been reached. The recovery was rapid in 1925-26. Since then progress has been slow. This

¹ Rykoff and Bukharin in *Izvestia*, October 18 and 19, 1927. Figures given by different leaders vary. The figures relate to production as a whole. In the most vital field — heavy metals — Communist industry is still about 30 percent under the pre-war level.

fact is in no way due to lack of demand. On the contrary, it is well known that Russia is suffering from an acute goods famine. Stocks were depleted during the war and the revolution; imports still are not over 40 percent of pre-war figures; moreover, the highly industrialized regions of Poland and the Baltic are no longer within the confines of Russia. On the whole, the industrial supply of the country is quite inadequate and further expansion of industrial production is urgently needed. The difficulty lies in the demand for further "capital investment." The recovery so far has been accomplished principally by putting the old plants into operation, that is, by utilizing what the Communists inherited from the former owners. These possibilities are about exhausted. New industries (and even the upkeep of the existing plants) require vast amounts of new capital. Such capital is lacking.

The laws of Tsarist Russia were not any too favorable to industrial development, but such was the vitality of the country that life was rapidly advancing. In each decade between 1883 and 1913 the production of coal, iron and copper doubled.² The output of 1927 is equal to that of 1913. What is claimed by the Communists as a meritorious accomplishment proves in reality to be a ten-year setback.³

In the eyes of the people at large the merits of a social system are measured by the abundance of everyday commodities and above all by their price. In this respect the socialized industries have not been a success. Under government ownership and operation the cost of production seems inevitably to rise to unreasonable heights. This situation can no longer be ascribed to revolution. Every possible endeavor has been made by the Communists to sell goods cheaper. But the prices obstinately hold.

The peasant is particularly affected. For him the price of manufactured goods is the exchange value in units of agricultural products. The peasant compares what he used to get for a bushel of grain in the way of shoes, textiles, etc., with what he gets now. He finds that the present cost is from two to three times more than before. In other words, economically the peasant is from two to three times worse off. As for the laborer, only recently have his wages reached or slightly exceeded the pre-war level, and in

² J. Ellis Barker, "Economic Statesmanship," New York, 1920.

³ Dislocation in Russia's industries should not be ascribed to the effects of war. In many ways the war increased the purchasing capacity of the peasant. Also war industries improved the equipment of the plants. In spite of revolution the year 1917 on the whole still showed a production of over 75 percent of pre-war. The collapse occurred in 1918-20 under militant Communism.

1921-22 they amounted to about one-third.⁴ Thus, from the economic point of view Communism has been of no benefit to the toiling masses, either rural or urban.

Most illustrative of a country's condition is its demographic balance, i.e., the relation between birth rate and death rate. During the epoch of militant Communism the population of Russia was decreasing. The turn, actuated by the NEP, came in 1923. Since then births have exceeded deaths. In fact, at the present time the birth rate is higher than ever. No other fact proves more convincingly the general recovery of Russia.⁵ On the other hand, the demographic progress is not balanced by a corresponding economic expansion. The requirements of the country are growing faster than the means to satisfy them. The productive forces under Communism are not keeping abreast of the country's natural development.

This situation is particularly unsatisfactory in the field of agriculture, where progress is quite slow.⁶ It is rural Russia which shows the greatest increase in population. The slacking up of agricultural development results in what the Bolsheviks qualify as "rural over-population." Every year thousands of able-bodied youths come to manhood without finding any opportunity for work. In vain they crowd the cities, where unemployment has long since exceeded the million figure.

Capitalistic countries are known to suffer from *over-production*. The ailment of Russia under Communism is *under-production*. The nation is experiencing an acute need for manufactured goods. The land is able to produce an immense agricultural surplus for export or additional consumption. Man power, eagerness to work, natural resources — all are there. But the policy of government-operated industries and foreign trade monopoly prevails . . . and nothing moves. Communism has brought the economic forces to a stalemate.

The enactments of the NEP saved the country from ruin. Whatever openings the NEP offered are by now exhausted. The NEP, as devised and practiced heretofore, is fettering development. New departures become imperative — some kind of a

⁴ Bukharin, *Izvestia*, October 18, 1927.

⁵ The 1926 Census showed the population of Russia in her present confines to be 147,000,000 in comparison with 138,100,000 in 1914 and 135,900,000 in 1923. The increase of population per annum at present is 2 percent compared to 1½ percent before the war. The total loss of population from 1914 to 1923 is estimated at 21,000,000. (*Izvestia*, March 4, 1928.)

⁶ Kuibisheff figures the annual increase in the aggregate value of the nation's agricultural assets for the last three years at 3 percent. *Izvestia*, October 20, 1927.

"Newest" Economic Policy, which would substantially reduce government control and allow room for unhampered private initiative. As the commands of economic law are usually inexorable one may reasonably assume that the change is not very far off, even if for the moment the tendency is to enforce socialism more strictly.

III

This gloomy picture of Russia's economic stagnation appears at first sight to be inconsistent with the manifestations of recovery. The fact is — and therein lies the answer — that the very process unfolding in Russia consists in an incessant struggle between two irreconcilable factors. On one side — Communist theory, fanatically professed and practiced by the Government; on the other — the Forces of Life, economic law, common sense, the customary dictates of human nature. Early in the period of Russia's convalescence, we diagnosed the case as a battle between life and dogma, describing it as the "Assertion of Life." Since then the essence has become obvious. Communism has not changed in principle or aim; but the Communist Government, pressed by necessity, has been yielding ground and making concessions to more moderate practices. These departures have at times prompted foreign observers to state that nothing was left of Communism in Russia but the name. That is not so. The mind and purpose of the leaders continue to be intransigently Communistic; the tentacles on practical life are still strong and most harmful. It may take years to obliterate their asphyxiating effects. But in spite of all, the inherent vitality of the nation is revealing itself in healthy and at times vibrant growth.

Every step in Russia's recovery can be traced to a retreat from collectivist practices. Take, for example, the rapid recovery of industries during 1924-26. This was due to Djerzinsky, who reestablished in their position of authority the former managers, engineers and professional craftsmen; the very class of people whom he at one time, as head of the famous Tcheka, ruthlessly persecuted. The same thing applies to railroads, postal service, telegraphs, education, indeed to all branches of service. Russia is functioning as an organized state because within the last few years the old men have been re-instated and have gradually acquired authority and self-dependence. It is gratifying to learn, also, that life lately has come to have at least a minimum of security and freedom for scientists, artists, engineers and in

general for the class of professional intellectuals. Hence the revival of cultural activities, in spite of the spiritual tyranny which continues to oppress the mind and soul of the people.

One may say in general that in her recuperation Russia is capitalizing the knowledge and experience which the nation acquired in the past through decades of apprenticeship. Here again is a feature common to all revolutions, one which might be termed "Continuity of Life." Revolutions may change the outward forms of life, build new institutions, open new avenues and possibilities. But revolutions do not and cannot create new substance. What finds expression in the new structure, what reveals itself in the new form of life, is the cultural inheritance, the accumulated treasure of knowledge and collective habit bequeathed from the past.

With regard to Russia, obviously one should not have in mind the old régime; little can be said in defense of the former autocracy. Rather one means that most promising and constructive evolution which signalized Russia's progress in the decades preceding the war. Strange to say, the essence of the situation was not very different from that of today. Then, as now, the people were under a government not of their choice and liking. But, step by step, in their struggle against the old bureaucracy the people were gaining their own. This evolution gained momentum particularly after 1905, when, following the war with Japan, the Tsar, yielding to popular pressure, convoked the Imperial Duma — the first Russian Parliament. The mere fact of Russia having obtained at last the first nucleus of representative government had a most far-reaching effect. Agriculture, industry, banking began energetically expanding, shaking off antiquated forms and adjusting themselves to Western practices. The two particular problems which for centuries had been the curse of Russian life — illiteracy and the land question — were put on the road to being satisfactorily solved. Rural credits and other legislation were rapidly transferring land into the hands of the peasants, so that by 1914 less than 20 percent of the tillable area of European Russia remained the property of the nobility. In 1910 educational laws were enacted providing vast appropriations spread over ten years for the building of schools and for the training of teachers; the plan was to introduce compulsory and free education for every child by 1922. On the other hand, such was the measure of liberty already attained that in the Duma,

under the Tsar, there was among other political parties a group of socialist deputies, with a Bolshevik faction, enjoying in accordance with the Constitution personal immunity and freedom of speech.

This constitutional evolution was accompanied by a spiritual renaissance and by an energetic manifestation of "state idealism." Scores of young scientists and engineers were enthusiastically working on pioneer problems of agriculture, reclamation, railroad building and other lines of constructive statesmanship. The visitor to Russia nowadays often expresses amazement at the lofty spirit pervading the Soviet undertakings in electrification or industrial planning. As a matter of fact, the problems, the men, the spirit are none of them new. After a lull of over ten years the same men are putting their hands to the same undertakings which inspired their enthusiasm before.

The advance of self-asserting life is not always smooth. The pendulum swings to and fro. From time to time there is a relapse of terror, a tightening of the Communist screw. Just at present "class war" is revived in rather an acute form against the bourgeoisie intellectuals and the well-to-do peasantry. The recent arrest of the German engineers is connected with an alleged conspiracy on behalf of the capitalistic interests by the managers and technicians of the plants. The purpose was to systematically sabotage and disorganize Soviet industries and thus incapacitate Soviet Russia to meet the coming foreign intervention.⁷

For a while the Communists withdrew their influence with peasant life. The countryside was left to manage itself in its own ways. Speaking in general, as time progressed the Communists were forced to cater more and more to the whims of the peasants. Stalin, in particular, proved to be a clever politician. His differences with Trotsky were partly due to insistence upon a policy which would keep the peasant satisfied and help to "link" the village with the proletarian city.

"The murmur of the people has strange weight,"

says Agamemnon to his brilliant but somewhat injudicious wife, in Aeschylus' immortal tragedy.

At present Stalin seems to be indulging in the course which he so long resisted. The slogan now is "Down with the Kulak," the well-to-do peasant who seems to have gained control of village affairs, particularly as regards the disposal of surplus grain.

⁷ Statement of the Soviet Attorney-General in *Izvestia*, March 10, 1928.

Under the trade monopoly the Government buys the grain from the producer. Last autumn, supposedly under the influence of the Kulak propaganda for better prices, the peasant did not wish to sell. Rykoff estimates that grain collections fell off over 30 percent. Exports had to be stopped and there was a serious threat to the food supply of the cities and the army.⁸ The Bolsheviks turned to requisitioning by force and persecuted the reluctant peasant by applying anti-sedition laws. These forcible measures, which revived memories of militant Communism, were for once successful. The Government got the grain. But the question now is whether these policies may not have the same effect as did the requisitioning of 1918-1920, when the refusal of the peasant to sow led to the catastrophe of 1921. The Communist Press reflects the prevailing nervousness over this issue, remembering well that it was the decrease in peasant cultivation that forced militant Communism to capitulate. So every effort and appeal is made to stimulate the productivity of the poorer peasant and to revive, just as in 1918 and 1919, collectivist farming.

It may take more than one agricultural cycle fully to reveal the workings of economic laws. One may be certain, however, that the present policy directed against the thrifty peasant and the professional intellectual, who together with the private tradesman constitute the basis of future Russia, will not last. Life will again prove the stronger. Little rivulets are gathering into a mighty stream, slow but majestic.

IV

What, then, is the meaning of the Communist mastery of Russia in the broad light of historical evolution?

In the great popular upheavals of history, in France, England or elsewhere, one always finds the *Revolutionary party*, the group whose daring energy is in consonance with the revolutionary fervor of the people. This Revolutionary party usually professes a fanatical doctrine; only fanatical zeal is able to forge unity and inspire the strength to carry on through bloodshed and wanton destruction. Revolutionary parties differ, according to country and period. Jacobins in France; Puritans in England. The substance of their creed does not matter. It is not their ideals that put the rudder into their hands, but their spirit, their energy. They succeed as *revolutionists*, not as *builders*. History

⁸ See *Izvestia*, March 11, and April 18, 1928.

is merciless with these fanatics. A decade or two, and every vestige of their enactments passes into oblivion.

The fanatics are thrust into power by the rising tide. Usually for quite a period they exercise power in ruthless and dictatorial fashion. As the waves recede, they become isolated; after a while they are ridiculed and hated. The abating of the revolutionary wave is invariably signalized by a psychological crisis in the revolutionary party. Doubt and hesitation pervade the ranks. The possibility of success, of finally attaining the fanatical aims, comes into question. Internal strife arises. Leaders charge each other with betrayal of the "Cause." Unity goes. Then come dissensions, reprisals, banishments, eventually executions. Danton followed Hébert as the victim of Robespierre.

The banishment of Trotsky seems to mark an analogous crisis in Russia — the sign of a coming spiritual disintegration of the Revolutionary party. For the Communists have played the rôle of the Revolutionists in the Russian transformation as their Jacobin antecedents did in eighteenth century France.

There are more lessons to be learned from history. As time goes on, the revolutionists of the rank and file become disillusioned and disheartened. Prompted by fear, personal ambition, or sometimes out of honest conviction, these "revolutionists of yesterday" become instrumental in destroying the very edifice which they built and in which they worshipped. Only a few months separated Danton's death from the fall and execution of Robespierre. The Reign of Terror was ended by the *coup d'état* of the 9th Thermidor (July 27, 1794). Thermidor was not a popular revolt. The people were helpless and terrorized in France just as they are at present in Russia. One finds as a feature common to most revolutions that the masses act as the principal character only in the initial stages of the revolutionary drama. In the closing acts the people are silent. Tired, exhausted, they yearn only for peace and reconciliation. "Events" unfold in the form of palace revolutions and political *coups d'état*, engineered and carried out by a few. And these few are usually not outsiders. They belong to the "revolutionists of yesterday." Robespierre fell a victim to his own colleagues, to members and agents of the Committee of Public Safety. The heroes of Thermidor — Barras, Fréron, Tallien and the others — shortly before were active terrorists. Another Thermidorian, Fouché, formerly the chief terrorist in Lyons, became famous later as Napoleon's Minister

of Police, proud of the titles bestowed upon him by the Empire. In seventeenth century England, again, the Cromwellian Commonwealth was undone by the hands of General Monk, a general in the regicide New Model army. Such are the changes in political psychology, contagious, rapid and unexpected, which are wrought by the pressure and environment of life.

Let us glance at the picture of Communist Russia as it stands today after the banishment of the "Opposition." Not a man is left of international fame; scarcely any of the cosmopolitan revolutionary type who were reared in underground *émigré* quarters and combined fanatical conviction with learning and intellectual versatility. At the helm of affairs are men mostly of Russian origin, thrust to the front from out of the ranks. As a matter of fact, in the Russian upheaval, just as in other revolutions, there have come forward scores of "common men." Yesterday they were ruthless revolutionists, drunk with the slogan of the hour. Today thousands of them fill various government offices, dealing with the manifold practical problems of everyday life. Who knows what thought and deed will be theirs by tomorrow? The remnant of a revolutionary dictatorship is a frail thing. In the winter of 1794-95 the Jacobins Club of Paris, the very name of which was whispered with horror a few months before, was raided by a group of dudes (*jeunesse dorée*) who with whips and insults dispersed the former masters of France.

The Communist régime in Russia may last for a few years. And it may go, unexpectedly, at any hour. The object of this study is only to suggest the meaning of present facts in the light of history, to indicate the direction and character of the evolution now in course. The strength of a revolutionary dictatorship lies in fanatical unity. Unity springs from faith, morale. Once morale and faith are gone, once the source of fanaticism is exhausted, decay follows with astounding rapidity. There have been no organized enemies to challenge the Communist Government. The Bolsheviks have had to yield to the forces of life; but the concessions were gradual and in their retreat the Communists have kept up spirit and form. Now, however, the time has come when Communist fanaticism must face its inevitable foe — a foe invisible, which cannot be fought by terror or by any of the weapons of arbitrary authority. This foe is disintegration from within, a foe which history teaches has been the Nemesis of all revolutionary dictatorships and has dealt the fatal blow.

THE OIL SETTLEMENT WITH MEXICO

By J. Reuben Clark, Jr.

THE controversy between the United States and Mexico concerning the rights of American citizens to oil properties in Mexico acquired prior to May 1, 1917 (the date the new Constitution became operative), began with the representations made by the Department of State regarding the Carranza decree of September 19, 1914. There had been some earlier decrees that were the subject of comment by the United States, notably those issued in 1914 by General Candido Aguilar, as Governor and Military Commandant of Vera Cruz, and that issued by Carranza on June 24, 1914, (amending the petroleum tax law of Madero of June 24, 1912), but action by the Department of State was more by way of enquiry than representation.

The decree of September 19 stipulated, in order that the Government might "know exactly the true wealth of the country and so may rationally and equitably distribute the taxes on the taxpayers," that all property owners and industries should present on a prescribed form, a detailed, signed statement of all their properties, with the value thereof. This valuation was to be made with "the understanding that the Government shall have the right, in case of expropriation for the sake of the public service, to pay to the interested parties as indemnity the value which is definitely fixed in the tax list." Those failing to furnish the list within the time fixed were to be subject to a fine of "five percent of the value of the property they keep secret."

Six months later, the American Vice Consul at Tampico reported that enforcement of the decree was contemplated and that oil men were unable to appraise accurately the value of their unproved land "which was purchased years ago for insignificant amounts, on which taxes have been paid in proportion to the agricultural value up to the present time," and which "may be valueless or worth millions of dollars." Upon the receipt of this information, Secretary Bryan, on March 5, 1915, instructed the Vice Consul that "if authorities attempt enforce decree mentioned, immediately inform Department and strongly protest on grounds confiscatory provisions, apparent injustice oil companies and lack sufficient notice."

From that date to October 30, 1926, — a period of eleven and

a half years — the Government of the United States has made representations to Mexico. At one time — August, 1918, — these became so urgent that Mexico understood them to constitute an actual threat of war or intervention.

THE HISTORICAL BACKGROUND OF THE CONTROVERSY

In 1783 Charles III of Spain issued a mining code (*Reales Ordenanzas*) for New Spain, including Mexico. In the light of the earlier Spanish mining laws applicable to Spain and the Indias, it would appear that this law reserved title to mineral substances (including gas and petroleum) in the Sovereign, who, for the exploitation thereof, might grant, in private lands or otherwise, such rights as the Sovereign pleasure willed. The rights so granted might, it seems, be changed or abolished. The two important provisions of this Code were: "The mines are the property of my royal crown, as well by their nature and origin as by their reunion" as declared in the law of 1559; and "without separating them from my royal patrimony I grant them to my subjects in property and possession."

This law drew, as to all minerals, the same sharp distinction between rights to the surface and rights to minerals under the surface that is now found in the law of the United States governing the exploitation of deposits of coal, phosphate, sodium, oil, oil shale, and gas in lands valuable for such minerals and forming part of our public domain.

These *Reales Ordenanzas* remained in force in Mexico until 1884, when the Mexican National Congress passed the first mining code enacted after the achievement of independence. This Code was interpreted by some as divesting the Sovereign (the nation) of its title to gas and petroleum on privately owned lands, and as lodging such title in the private owners of the soil.

The statute of 1884 (with some amendments, the principal one in 1887) remained in force until 1892, when a second general mining code was enacted by the Mexican Congress. This new law was open to the construction that it repealed the Code of 1884, and replaced in the Sovereign (the nation) the title it had under the law of 1783. In this view the nationals of Mexico (and aliens so far as permitted) were again authorized to acquire mining rights in gas and oil deposits in accordance with the principles operative prior to 1884. It has been said that certain provisions of a law of 1901 gave support to such a construction.

The Code of 1892 remained in force until 1909, when a third mining law was enacted which substantially returned (as to gas and petroleum) to the language of the law of 1884.

The Code of 1909, with some modifications, principally by means of Revolutionary decrees, was still on the statute books when the Constitution of 1917 came into force. This seems framed to re-invest the nation with all the sovereign rights and powers possessed by it prior to 1884. The Carranza decrees and the laws and regulations enacted subsequent to May 1, 1917, were drawn to implement this construction of the Constitution.

Subsequently to 1884, and, as it seems, in considerable part subsequently to 1909, large petroleum holdings in Mexico were acquired by American citizens (individuals and corporations), either directly or by stockownership in Mexican or other foreign corporations. The contention of such American interests as to their properties acquired prior to May 1, 1917, has been, in rough, that where they were the owners of the surface, they had the same rights to the oil thereunder that the owner of a fee simple in the United States would have; and that where they held "leaseholds" from native owners, then, since such owners had that same "fee simple" ownership, such "leaseholds" carried with them, for the term thereof, the full "fee simple" rights of the owners.

The United States Government made its representations in substantial accord with the views of the American oil interests on these questions.

The Mexican position, which seems never to have been succinctly or categorically stated, may be summarized in the form in which it finally developed somewhat as follows: The nation never intended to vest and never did vest, by any of its laws, ownership of gas and petroleum in the surface owners; the utmost effect of its laws was to give the owners of the surface the exclusive right to exploit their properties for oil; therefore, no surface owner had an actual ownership of gas and petroleum under his soil, unless and until some act was done by him looking to the exploitation of such materials; and, since the surface owners who had performed no such acts thus had no actual ownership in the gas and petroleum underlying their properties, the Mexican Government might, in accordance with its "juridical traditions" (as Lic. Gonzalez Roa put it in 1923 at the Bucareli Conference) change the rules under which the mining title to such substances might be obtained by such surface owners or their lessees.

The Mexican people adopted a new Constitution, and the Mexican Government thereafter issued decrees, enacted laws, and promulgated regulations, for the development and control of the petroleum industry in conformity with their conception of their sovereign rights.

These differences of view gave rise to discussions between the United States and Mexico, which may be grouped into three periods.

THE PRE-CONSTITUTIONAL PERIOD:

1914 TO MAY 1, 1917

During this period representations were made regarding and against decrees which provided for the reporting of properties for taxation purposes and which the United States characterized as confiscatory; against a ruling that drilling permits would only be granted to companies agreeing to obey a law not yet framed and of the purport of which the companies had no knowledge; against a rumored "nationalization of petroleum," which the United States also characterized as confiscatory; and against the requirement of a Calvo Clause (an undertaking by the one making it not to invoke the diplomatic protection of his government) in titles, contracts, and concessions, for individuals, stockholders, and companies. Representations were also made against certain provisions of the Constitution of 1917, but not those particular ones which later were involved in the controversy between the two countries regarding petroleum properties; and against a proposed bill providing for a concession for oil exploitation with a period of preference for the present owners to obtain such a concession.

None of the matters complained of appear to have been carried to the point where American property was actually taken (except by way of taxation); and all seem, in effect, merged in the difficulties which arose during the next periods.

THE FIRST PERIOD AFTER THE CONSTITUTION:

MAY 1, 1917 TO DECEMBER 20, 1925

During this period representations were made by the United States concerning and against the "nationalization" of petroleum by the Mexican constitution and decrees, on the ground that the same were confiscatory; against the reported refusal to grant drilling permits (the Mexican Government asked for concrete cases of injury resulting from any action by it in this respect); against the Carranza decrees of February 19, May 18, July 8,

July 31, August 8, and August 12, 1918, which provided *inter alia* for the payment of taxes regarded as onerous, and for the forfeiture of all rights in and to petroleum inlands not "manifested" (registered) as provided in the decrees; and against the approval by Congress of the foregoing Carranza decrees. Representations were also made against the collection of royalties and other taxes from American companies; against the refusal to permit continued exploitation of lands because of non-manifestation; against the stopping of oil exploitation actually under way; against the "denouncement" by other parties of American properties which had not been "manifested" as required by the Carranza decrees; and against the requirement that to obtain drilling permits, companies must agree to obey a law not yet framed and of the purpose of which they had no knowledge.

When the proposed legislation of 1925 was introduced into the Mexican Congress, the Secretary of State called attention, by an *Aide Memoire*, to the provisions which would prove objectionable if enacted into law; and the correspondence which followed this initial communication discussed the distinction drawn between "tagged" and "untagged" lands — "tagged" lands being those as to which some "positive act" (an actual act looking to the exploitation of oil) had been performed prior to May 1, 1917, and "untagged" lands being those as to which no such act had been performed prior to that date.

Certain broad questions which arose during this second period require special consideration.

Not a little criticism has been aimed at certain words — *dominio*, *dominio directo* and *propiedad* — used in the Constitution of 1917. It appears to have been assumed that they are used as terms of art (words expressing a limited and precise legal or juristic concept); however, an examination seems to show the opposite. For example, the word *dominio* is used with at least two meanings in Article 27 of the Constitution — as describing that title or interest which the nation grants to individuals to constitute private property (*propiedad privada*), and as describing that title or interest in property which the nation reserves always in itself and which is declared to be "inalienable and imprescriptible." Further, it appears that *dominio directo* is used in the same article with at least three meanings — the title or interest which the nation reserves in mineral substances; the title or interest which aliens may not, but which Mexicans by implication may, acquire

over lands and waters within a prescribed zone along frontiers and coasts; and the title or interest which the nation has in churches and auxiliary buildings already built, though of "temples" hereafter erected for public worship the nation has *propiedad*. Moreover, *propiedad* has been used in the Article with at least four meanings, — the ultimate interest or ownership which the nation has in all property; the title or interest which the nation grants to private individuals; the sovereign right in territorial waters and in waters generally; and the title or interest (already mentioned) which the nation has in "temples" hereafter constructed for public worship.

It would appear from the foregoing that criticism founded upon the theory that these Constitutional expressions were in fact used as terms of art, might go wide of the mark. The meaning of Article 27 of the Constitution must be gathered from a consideration of the article as a whole.

Two provisions of the Constitution have been pointed to as embodying principles which, if applied, would violate the rights enjoyed by foreign oil interests in Mexico. The first is that found in the opening paragraph of Article 27, which declares:

"The ownership (*propiedad*) of lands and waters comprised within the limits of the national territory originally pertains to the nation, which has had and has the right to transmit the dominion (*dominio*) thereof to private parties constituting private property (*propiedad privada*)."

Certainly there has been no doubt since the time of Coke, that, as Kent puts it,

"It is a fundamental principle in the English law, derived from the maxims of the feudal tenures, that the king was the original proprietor or lord paramount of all the land in the kingdom and the true and only source of title. In this country we have accepted the same principle, and applied it to our republican governments; and it is a settled and fundamental doctrine with us, that all valid individual title to land within the United States is derived from the grant of our local governments, or from that of the United States, or from the Crown, or royal chartered governments established here prior to the Revolution."

Kent calls attention to the Constitution of the State of New York (1846), which affirmed,

"The people of this State, in their right of sovereignty, are deemed to possess the original and ultimate property in and to all lands within the jurisdiction of the State; and all lands the title to which shall fail, from a defect of heirs, shall revert or escheat to the people."

Both in the Philippine Islands and in Porto Rico, since their acquisition by the United States, laws have been adopted which appear specifically to incorporate the same doctrine.

In view of these principles of American law there would appear to be no well-founded objection to be urged against this provision of the Mexican Constitution.

Another provision of that Constitution to which objection has been made in connection with the oil controversy, is that found in the fourth paragraph of Article 27 which declares that to the nation belongs (*corresponde*) the *dominio directo* over all mineral substances including petroleum.

Again, it has been good law, certainly since the time of Coke, that as to the soil and all its contents "a subject hath not properly *directum*, yet he hath *utile dominium*," or as Blackstone paraphrases it, "he hath *dominium utile*, but not *dominium directum*," the latter being vested in the Sovereign. The decisions of the Courts in the United States are in accord with this principle, which would appear in essence to be not essentially dissimilar from the principle embodied in the Mexican Constitution.

A second matter arising during this second period that deserves special consideration is the famous "Texas Case," decided on April 30, 1921. In this case the Mexican Supreme Court declared that the Constitution of 1917 was not retroactive as to oil rights acquired prior to its coming into operation. The precise question in the case was whether or not land which had been leased by the owner for oil exploitation purposes prior to May 1, 1917, was open to denouncement by other parties under the Carranza decree of August 8, 1918. The court held the land could not be so denounced, because the owners had the right, under the 1909 statute, to explore and exploit the land for oil, and that they had the power to transfer such rights "in the exercise of this faculty, as they did . . . by means of the contract contained in the deed of April 28, 1917, in which it appears that the grantors fixed and received a price higher than would have been paid them for the surface of the land because it was not sought to cultivate such surface or to build upon it, but to look for oil and exploit the same if found. So that the rights granted to the owners of the land by Article 2 of the said law of November 25, 1909, were converted into positive acts, and we therefore are treating of vested rights acquired by the lessee from the date of the oil contract.

A third matter falling within this second period and to be

specially noted was the Bucareli Conference. The purpose of this Conference — as afterwards declared by the United States — was to find a basis upon which recognition might be accorded to the Mexican Government. The American Commissioners to this Conference were Messrs. Charles Beecher Warren and John Barton Payne. In the course of this Conference the Mexican Commissioners developed with some fullness their theory of subsurface rights and the doctrine of “positive acts.” Those “positive acts,” which, if performed prior to May 1, 1917, with reference to any given area of land, would give to the owner of that land or his lessee an “acquired right” to the oil in the subsurface, they described as,

“ . . . some positive act which would manifest the intention of the owner of the surface or of the persons entitled to exercise his rights to the oil under the surface to make use of or obtain the oil under the surface; such as drilling, leasing, entering into any contract relative to the subsoil, making investments of capital in lands for the purpose of obtaining the oil in the subsoil, carrying out works of exploitation and exploration of the subsoil and in cases where from the contract relative to the subsoil it appears that the grantors fixed and received a price higher than would have been paid for the surface of the land because it was purchased for the purpose of looking for oil and exploiting same if found; and, in general, performing or doing any other positive act, or manifesting an intention of a character similar to those heretofore described.”

The lands as to which any of these acts had been performed prior to May 1, 1917, became, in the vernacular of oil men, “tagged” lands; lands as to which no such “act” had been performed were called “untagged” lands.

Shortly after the Bucareli Conference closed on August 15, 1923, recognition was accorded the Obregon Government, and from then until October of 1925 little was said by the two Governments about the rights of American Oil operators in Mexico. However, during the fall of 1925 the introduction into the Mexican Congress of an Alien Land Law bill and a Petroleum Law bill, brought from the Secretary of State the *Aide Memoire* to which reference has already been made. This initiated a correspondence that did not end till November 1926. The discussion was almost wholly legal in its character and, while it was at times conducted with earnestness and spirit, it seems never to have actually threatened the peaceful relations of the two countries.

THE PERIOD FROM DECEMBER 1925 TO NOVEMBER 1926.

The two articles of the Petroleum Law (promulgated December 31, 1925) to which the most serious objection was made by the

United States were articles 14 and 15. They seemed to provide, as to "tagged" lands, for the granting of a new right in the form of a concession for fifty years, instead of confirming in perpetuity rights already "vested;" and they narrowed, as it was apprehended, the definition of "positive acts" given by the Mexican Commissioners during the Bucareli Conference.

The provisions of the Petroleum Regulations (promulgated April 8, 1926) to which particular objection attached were Articles 147-159, and Transitory Articles 2, 3, 4 and 6. These articles, being regulatory of the objectionable articles of the law, were likewise unsatisfactory and for the same reasons.

The particular matters which crystallized out of the diplomatic controversy during this period were as follows:

1. Those provisions of the Petroleum Law and Regulations which seemed to provide for the granting of a new right for 50 years, instead of confirming an acquired right in perpetuity.
2. The possible legal inability of American companies to secure confirmatory concessions for lands lying within prohibited zones.
3. The curtailment of the "positive acts" as defined by the Mexican Commissioners at the Bucareli Conference on August 2, 1923.
4. The requirement of a Calvo Clause from American citizens (individuals and corporations).
5. The operation, as a "positive act," of the "manifesting" of lands under Circular 11 of January 15, 1915, thus "tagging" such lands.
6. The exact character of the rights and titles possessed by aliens (individuals and corporations) holding interests in lands — "fee or leasehold" — which were acquired prior to May 1, 1917, both when the lands are "tagged" and when they are "untagged."

The correspondence closed with Secretary Kellogg's statement in his note of October 30, 1926, that the United States

"expects the Mexican Government not to take any action under the laws in question and the regulations issued in pursuance thereto, which would operate, either directly or indirectly, to deprive American citizens of the full ownership, use and enjoyment of their said property and property rights."

To this the Mexican Government, through Minister Saenz, replied under date of November 17, 1926:

"My Government expects on its part that that of Your Excellency will indicate the concrete cases in which recognized principles of international law may have been violated or may be violated in disregard of legitimate interests of American citizens since in such cases it will be disposed to repair such violations."

This was the state of the controversy when Ambassador Morrow presented his credentials on October 29, 1927.

THE AMBASSADORSHIP OF MR. MORROW

On November 17, 1927, the entire matter assumed a new aspect through a decision by the Supreme Court of Mexico of a case involving the question whether the Department of Industry might properly cancel drilling permits for "tagged" lands because the owner had failed to apply for a fifty-year concession within the year prescribed by Article 15 of the Petroleum Law. The Court, affirming the opinion of the lower Court, held that such drilling permits could not be so cancelled.

The *ratio decidendi* of the opinion seems to be that the company, being the owner of "tagged" lands, possessed oil *rights*, not mere *expectancies*; that rights could not be subjected to restriction in part nor loss in part; that confirmation for fifty years was a restriction upon, and a loss of, the rights possessed by the Company which were without limitation of time; that "it is evident that said application could not have been made by the complainant without curtailment of something which belongs to its estate;" wherefore, "it is indisputable that the protested ruling violates in this respect the guarantees afforded the complainant by Articles 14, 16 and 27 of the Federal Constitution." The Court during the course of its opinion categorically stated that a *confirmation* of rights "does not modify them, but . . . recognizes them;" it is a "*recognition of acquired rights*."

Thus the Supreme Court of Mexico laid down basic principles in harmony with the declarations made by it in the "Texas Case" in 1921.

It may at this point be observed that the constitutional position of the Federal Supreme Court under the Mexican system of Government appears to be essentially different from the constitutional position of our Supreme Court under our system. With us a decision by the Supreme Court of the United States that a law or part of a law is unconstitutional renders the same null, void, and of no effect. This seems not to be the effect of such a decision under the Mexican system. Under that system a decision apparently has no effect whatever upon the law itself, which remains operative upon the statute books until changed by the legislature; and so long as it is upon the statute books, the Executive is bound to enforce it irrespective of the opinions expressed about it by the Supreme Court. Therefore, it seems, the Executive may apply the principle announced in a decision of the Supreme Court only in that case in which the decision is rendered.

A provision of the Amparo law provides that if the Supreme Court makes the same interpretation of the law in five successive cases, that interpretation must be followed by the lower courts, until the Supreme Court modifies its view or reverses itself, or until the legislature changes the law. This seems to be the full meaning of the *jurisprudencia* of which not a little has been said. The Executive appears to be still bound to enforce the law as it stands on the statute books, except as to the cases actually decided.

President Calles on December 26, 1927, sent a message to Congress in which he pointed out that the Supreme Court had held the Petroleum Law unconstitutional in certain parts, and he recommended that the Petroleum Law be amended to conform to the Supreme Court decision. In the course of his message he declared (seemingly in strict accord with the Constitutional principle governing the force and effect of a decision by the Supreme Court) that the Federal Executive "finds it impossible after the decision of the Supreme Court, to carry forward the uniform application of the said law; in view of which it should, insofar as it is able, secure an immediate solution to the conflict existing between a law in force, and the interpretation of its anti-constitutionality;" and he asked for the amendment so that "the effects of the decision . . . should benefit not only those included within its scope, but also those who complied with Articles 14 and 15 of the law . . . for if such were not the case an unequal juridical and material status would be produced — one in addition unjust. . . ."

On December 27, 1926, a Committee of the Chamber of Deputies reported favorably the bill of President Calles with some amendments, and stated in part,

" . . . the confirmation of a right is its express recognition in all its extent and with such conditions as are inherent therein, so that no restriction can be established in regard to length of term or conditions (imposed) upon the right which is being confirmed, for any restriction in these respects implies a modification of the right confirmed and a retroactive application of the law."

On January 3, 1928, President Calles approved a bill which amended Articles 14 and 15 of the Petroleum Law by providing that pre-constitutional rights should be confirmed without cost by the *issuance* (*not the granting*) of confirmatory concessions "without limitation of time."

Thus the Executive and Congress, responsive to the ruling of

the Supreme Court, has made it clear that no new right is to be *granted* for a limited time by the concessions provided for in the Law, but that such concessions are to *issue* as a confirmation of "acquired rights" ("vested rights") and "without limitation of time."

This disposes of the controversy between the two Governments on these two points, insofar as the provisions of the Law can do so.

The task remained for the Mexican authorities to readjust the Petroleum Regulations in harmony with the law.

As already pointed out, one of the matters causing anxiety among the oil companies was whether or not an alien company could apply for and secure a confirmatory concession on its "pre-constitution" properties without forfeiting its rights, particularly where the properties lay within the prohibited zones — "a strip of 100 kilometers along the borders and 50 along the coasts." Apparently the Attorney General of Mexico had on December 3, 1917, given an opinion that under the Constitution (Article 27, Fraction 1, Paragraph 7) alien companies could in no event acquire "lands, waters, and their appurtenances in the Republic."

Accordingly, on January 9, 1928, Mr. H. N. Branch, representing the Huasteca Petroleum Company, enquired of the Secretary of Industry, Commerce and Labor, Sr. Morones, "whether an application for confirmatory concession by a foreign company involves surrender of any rights held prior to May 1, 1917." On the same day, January 9, 1928, Minister Morones replied, after quoting that part of the Report of the Committee of the Chamber of Deputies quoted above, that " . . . this Department believes that the petition for confirmatory concession on the part of a national or foreign company does not imply the renunciation of rights acquired before May 1, 1917, such confirmatory concession operating as the recognition of rights which will continue in force subject only to police regulations." This exchange of letters would seem to meet the doubt which had arisen as to whether American companies might apply for confirmatory concessions without forfeiting any of their rights.

Early in February a Committee of the oil companies (American and foreign) submitted to the Ministry of Industry, Commerce and Labor, a draft of proposed amendments to the Petroleum Regulations. Conferences followed, and the proposals were taken under consideration by the Ministry, but they were not found to be satisfactory.

So soon as this fact was learned, informal conferences were undertaken between Ambassador Morrow and his representatives, on the one side, and Minister Morones and his representatives, on the other side, with a view to framing amendments to the Petroleum Regulations that would place them in harmony with the amended Law.

There ensued several weeks of negotiations, which were characterized by the utmost friendliness on both sides, and during all of which Ambassador Morrow kept in the closest touch with the local representatives of the leading American oil companies. At the end of these negotiations the Mexican authorities framed amendments to the Petroleum Regulations which in the opinion of Ambassador Morrow and the local representatives of the leading American oil companies did harmonize the Regulations with the Law and did eliminate the substantial objections made to the old Regulations. The amended regulations were signed by President Calles on March 27, 1928, and promulgated the following day.

Since a doubt had existed as to whether the provisions of the old Regulations relating to "positive acts" (Articles 152 and 153) were as broad as the definition given by the Mexican Commissioners on August 2, 1923, at the Bucareli Conference, the Mexican Government incorporated in the amended regulations (Article 152) the exact language used by the Mexican Commissioners. This was in accord with the statements made by Minister Saenz in his note to Secretary Kellogg of January 26, 1926, and reaffirmed in his note of October 7, 1926. This disposes of the doubt regarding the equivalency of the declaration of the Commissioners and of the provisions of the Regulations on this point.

In order that the oil companies might know just what sort of concession they might expect in case they made application under the amended law and regulations, a draft concession is attached to the amended Regulations which is to be followed "except where the circumstances attending any particular application require the addition of special provisions." This draft contains no Calvo Clause, and in place thereof a clause provides that any attempt to transfer the concession to an alien or to a foreign government shall be null and of no effect. This provision is less harsh than those provisions of certain American statutes that any attempt by one alien to transfer land to another alien who has not capacity to take, shall forfeit such land to the State.

The question whether or not the "manifesting" of lands under

Circular 11 of January 15, 1915, constituted a "positive act" remains where the formal correspondence left it. It was first specifically raised by Secretary Kellogg's note of July 31, 1926, the next to the last note written by him during the controversy. In his answering note of October 7, 1926, Minister Saenz did not seriously contest the position of Secretary Kellogg, and calling attention to the declarations of the Mexican Commissioners at the Bucareli Conference, he affirmed "that what the Supreme Court and the Mexican Commissioners consider as an act disclosing the intention [a 'positive act'] is the investment of money or effort intended to obtain petroleum." As a matter of the normal evidencing of a fact, it would seem that a formal, bona fide declaration that property had been acquired and was held for the purpose of oil exploitation, would constitute all but conclusive evidence of the "investment of money or effort intended to obtain petroleum." The incorporation in the Regulations of the exact definition of "positive acts" given by the Mexican Commissioners offers a reasonable promise that no difficulty will be experienced in this matter.

We come now to the question of titles. The decision of the Supreme Court, the formal declarations of President Calles, the Report of the Committee of the Chamber of Deputies, the express provisions of the amendments to the Petroleum Law, the formal assurances of the Ministry of Industry, Commerce and Labor, the language of the amended Petroleum Regulations, the draft form of confirmatory concession appended to the Regulations, — all these agree that whatever rights the holders of "tagged" lands had on May 1, 1917, they still have; they are entitled to them and they hold them, as the Supreme Court affirmed, without restriction or loss. The confirmatory concession which is issuing declares "there are confirmed . . . the rights to effect works of petroleum exploration and exploitation" in the properties designated; the confirmation "operates as a recognition of rights acquired which shall continue in force, legal possession of which it confers administratively;" and "this confirmatory concession is not subject to forfeiture, and only obligates the concessionaire to comply with all regulations covering police and safety in the works."

Thus the law, the regulations, and the form of confirmatory concession attached to the regulations appear substantially and satisfactorily to cover the various matters which have been in

dispute between the two Governments for more than thirteen years. The confirmatory documents to be issued by the Mexican Government will be a recognition of old acquired rights which continue without change, not the grant of new rights; these confirmations are without limitation of time, instead of for fifty years. The documents will contain no Calvo clause; they will be issued to American individuals and corporations who held rights prior to May 1, 1927, the Mexican Government taking the view that the inhibitory provisions of the Constitution as affecting the acquisition of properties by alien corporations do not apply to such corporations with respect to their properties acquired prior to May 1, 1917. As to the "tagging" of the lands, the exact language of the Bucareli Conference has been incorporated in the regulations, so that the contentions of the United States on this point have been fully met.

Ambassador Morrow made a statement on the foregoing situation, on March 28, 1928, the day on which the Regulations were promulgated. His opening paragraph reads:

"These Regulations when taken with the Supreme Court decision handed down November 17, 1927, the legislation passed by the Mexican Congress on December 26, 1927, and promulgated on January 10, 1928, and the letter of Minister Morones issued on January 9, 1928, evidence the determination by the judicial, the executive, the legislative, and the administrative departments of the Mexican Government to recognize all rights held by foreigners in oil properties prior to the adoption of the 1917 Constitution."

On the same day, the Department of State issued a statement which said:

"The Petroleum Regulations just promulgated by President Calles constitute executive action which completes the process beginning with the decision made by the judicial branch of the Mexican Government on November 17, 1927, and followed by the enactment of the new Petroleum Law by the legislative branch on December 26th last. Together, these steps, voluntarily taken by the Mexican Government, would appear to bring to a practical conclusion discussions which began ten years ago with reference to the effect of the Mexican Constitution and laws upon foreign oil companies. The Department feels, as does Ambassador Morrow, that such questions, if any, as may hereafter arise can be settled through the due operation of the Mexican administrative departments and the Mexican courts."

HAITI: INTERVENTION IN OPERATION

By Clarence K. Streit

NO one would have confidence in an aviator who maintained that to fly across the ocean to Paris all he needed to do was to start in that direction with a sincere desire to attain his goal. Everyone knows that, in the actual flying, he must reckon upon meeting cross-winds which may imperceptibly carry him far off his course. The man who started any important flight without an indicator to detect drift, so that he might correct for it constantly, might be called almost anything except a hypocrite.

In the conflict over American intervention before, at, and since the Sixth Pan America Conference at Havana, this lesson seems to have been entirely lost. Our spokesmen continually emphasize that our goal in intervention is never imperialism, but duty tinged with benevolence. Strong in the knowledge (which every detached observer must admit), that the people of the United States have no imperialistic aims, they conclude, as Mr. Hughes did recently, that suspicion of our motives in intervention is "fantastic." Our Latin American and other critics are equally strong in the knowledge (which every detached observer must also admit) that our intervention, in practice, does show a strong tendency toward economic and even political imperialism. And they conclude that if we are bearing toward that goal it is because we are really aiming at it, and that our assertions to the contrary merely compound our sins with hypocrisy.

Apparently it has occurred to neither side to make allowances for drift. Specifically, we have not realized that our machinery ought to be provided with an indicator to reveal at once any tendency to deviate from the allotted course, nor have we studied what sort of instrument it should be. Such a study seems the more necessary since Mr. Hughes, in stating that the right of intervention was one that the United States could not sacrifice, made it plain that we must at any rate be prepared for further intervention flights in Latin America.

Intervention as it is practised may be examined most profitably in Haiti, since that negro republic has now been under such a régime for more than twelve years. Moreover, Haiti is fairly representative of the type of Latin American states in which we

are most likely to intervene. It is a small, weak country, with an area of 9,242 square miles and a population estimated at 2,000,000. The basic composition of its population is similar to that of most Caribbean countries. About 90 percent are illiterate, inarticulate peasants, the remainder being educated town-dwellers who form the governing minority. In this situation, and with the historical background what it is, elections are a farce and the country is a constant prey to revolutions and dictatorships. It is backward economically, too; most of its great tropical riches are quite undeveloped. Political instability retards economic development, and poverty keeps the citizen in the morass of illiteracy and disease.

There is one distinctive characteristic of Haiti which needs mention but which does not make it less suitable as an example. Whereas the peasants in Central America are pure Indian and the educated minority either a mixture of Spanish and Indian or else pure Spanish, there is no Indian and very little Spanish blood in Haiti. The Haitian peasants are nearly all pure negro and the governing minority, save for a black fraction, is mulatto, the mixture being chiefly French and negro.

As race prejudice may lead to some unjustified assumptions regarding the Haitians in comparison with other inhabitants of the Caribbean, a word may be added about their achievements. Slaves under the particularly cruel system of slavery which made Haiti the richest French colony in the eighteenth century, the Haitians are the only negroes who ever won their own freedom. They established in 1804 the first negro republic in history and the first Latin American republic. They had a much harder fight for independence than we. They had to fight unaided not only the French but the Spanish and the English, and in the end the veterans of Napoleon. The war of slave against master, of black against white, went on for thirteen years. From Haiti have sprung such men as Alexandre Dumas, whose ancestors were French and Haitian negro; Toussaint l'Ouverture, who was pure negro; and the black emperor, Christophe, that extraordinary builder of a hundred years ago whose famous citadel, by its tremendous proportions and massive solidity, reminds one of the works of ancient Rome. In the upper class in Haiti may be found highly intelligent and widely travelled men of the world, and the peasantry compares favorably with the Indians of Central

America. Moreover, the successful slave revolt has given the peasants a certain self-respect that those Indians seem to lack.

We did not intervene in Haiti because Americans or Europeans had been killed there. The Haitians, indeed, are noted for the respect shown even in their revolutions to the persons of foreigners. We intervened in Haiti in 1915 when General Vilbrun Sam, the seventh president the republic had had in four years, summarily slaughtered 167 political prisoners. Their infuriated relatives seized and killed him, but in so doing they violated the French Legation where he had sought refuge. Our intervention at that time appears to have been generally welcomed by the Haitians, as putting an end to intolerable conditions of chaos.

The specific aims of our intervention in Haiti are contained in the preamble to the ensuing treaty, which went into effect May 3, 1916. It reads:

The United States and the Republic of Haiti desiring to confirm and strengthen the amity existing between them by the most cordial coöperation in measures for their common advantage, and the Republic of Haiti desiring to remedy the present condition of its revenues and finances, to maintain the tranquillity of the Republic, to carry out the plan for the economic development and prosperity of the Republic and its people, and the United States being in full sympathy with all these aims and objects and desiring to contribute in all proper ways to their accomplishment [the two Powers conclude this convention].”

The treaty then goes on to provide for the appointment by the President of Haiti, on nomination by the President of the United States, of a Financial Adviser and Receiver General, a chief of the gendarmerie, and engineers to supervise sanitation, public improvements, and agricultural development. These officials are known as the “treaty officers.” The last article stipulates that the treaty shall remain in force for ten years and may be extended for a further period of ten years, if its “purpose has not been fully accomplished.” This extension was made in 1917, the reason being that it was held necessary to the flotation of the consolidated loan to Haiti at that time.

From these, and from all other parts of the treaty, it is plain that the object of our intervention is to help Haiti along certain definite lines for a period limited to twenty years.

At first view it seems evident that we have succeeded admirably in achieving the aim of the treaty. We have helped Haiti. Anarchy has been replaced by order, smoothly maintained. The eye is not

shocked by evidences of brutality or a heavy hand. Even the penitentiary under the supervision of our Marines has become a sunny workshop, impressively superior to many prisons in the United States.

The finances have not only been put on a stable basis and the public debt reduced, but funds have been found for a surprising amount of sanitary, educational and economic improvements. There is no brighter chapter in our record in Haiti, nor one more generally appreciated even by our critics there, than the manifold works of our doctors against the diseases which have done so much to retard the progress of the island. Our rural clinics gave free treatment last year to 500,000 Haitians, a quarter of the population.

On the educational side, we have centered our attention on helping the Haitians to rescue themselves from poverty. We have established an agricultural service which seeks to do this in two ways. On one side it carries on research work toward remedying Haiti's dangerous dependence on one crop alone — coffee — by developing other products for which the country is eminently adapted, such as cotton, sisal, sugar, pineapples, etc., and by improving the livestock and providing veterinary clinics. On the other side, it teaches the present generation better farming methods and reaches the children through a system of rural, agricultural and arts and crafts schools.

The public works built since our intervention began are everywhere apparent: roads, telephone and telegraph lines, drainage systems, governmental buildings, hospitals, rural dispensaries, schools, irrigation works reclaiming thousands of acres; and the list is not ended.

The structure we have erected in twelve years in Haiti is, indeed, likely to dazzle the eyes of the visitor, especially the American one, and cause him to forget to compare it to the original plan in order to see how closely it really fits the ends for which it was intended. Obviously, the goal of our intervention in Haiti is not merely to aid the Haitians but to aid them in such a way that, when our treaty expires in 1936, they can carry on without us or, at least, with less likelihood of the recurrence of the conditions which had caused our intervention twenty years earlier. When we examine our work from this angle we find that it has been done with next to no regard for this, its basic purpose.

We have built an airplane for a man accustomed to riding a

donkey. What is more, we have been so occupied in building and operating it that we have not trained the man for whom it is intended. The machine runs beautifully now while we are at the controls, but how will it run when we step out in 1936 and the man who all the time has been on the donkey steps in to fly alone? Then will come the real test of everything we have done and of everything we have left undone.

Let me now set down some of the economic, administrative and political facts epitomized in the foregoing figure of speech.

On the economic side we have sought to develop the riches of Haiti on a scale admittedly beyond the capacity of the Haitians to handle themselves. Finding a backward country without capital of its own, our officials, impatient with the slow progress to be realized through the peasant landholders, decided that the salvation of Haiti lay in calling in outside capital to establish big plantations. This is no doubt the quickest way to exploit the riches of the country and, properly limited and safeguarded, it may be very beneficial to Haiti. But the dangers inherent in any such policy are plain, especially when, as in this case, the outside capital comes almost entirely from the country conducting the intervention.

Socially, the present economic policy is liable to result in an independent peasantry being gradually transformed into a landless proletariat. On the financial side, the greatest part of the riches thus developed is liable to go to the foreign developer, not to the inhabitants of the country. The condition of the native workers on big American plantations elsewhere in Latin America has not impressed me as appreciably better than that of the small landholding peasants of Haiti. Politically, these big American-owned plantations in a weak country tend to build up a power within it which may be stronger than its government and which certainly increases the chances of intervention to "protect American lives and property."

Three things formerly protected the Haitian peasant in holding the bit of land which to him symbolizes his dignity as a free man — for the Haitian cannot forget that he holds that land by virtue of his slave ancestors having dispossessed their masters. The three things were the instability and disorder in Haiti, a clause in its Constitution which forbade foreigners to own land, and the chaotic condition of land titles.

Our officials have not regarded these factors so much as safe-

guards for the peasant as obstacles to the development of the country's resources, which they naturally are. Our intervention eliminated the first safeguard by establishing order under auspices most attractive to American capital. The second was removed in 1918 by a clause in the new Constitution, adopted under our supervision, allowing foreigners to own land. Since then thousands of acres in Haiti have come under American sugar, sisal and pineapple plantations. This acreage, it is true, is still a trifling fraction of the area of Haiti; most of it is land previously uncultivated and more is held by long-term lease than by purchase.

The underlying tendencies of this policy, however, may be seen in high relief in the Artibonite irrigation project. The valley of the Artibonite is the richest and, despite its need of irrigation, the most thickly settled rural area in Haiti. When Dr. Arthur C. Mills-paugh, who last December became the sixth Financial Adviser we have sent to Haiti in twelve years, saw the efforts of the peasants to irrigate the land adjoining the river, he asked if we had tried to help them by installing water wheels, such as he had seen peasants operate while he was Financial Administrator in Persia. This idea of starting with cheap and primitive devices which the peasant could run himself had never occurred to our officials. It was heresy, indeed, to the general American doctrine of doing things "in a big way." Moreover, the suggestion came too late. We had already espoused the policy of getting an American company to irrigate at one stroke "not less than 10,000 hectares" (about 25,000 acres) in this valley and, last year, a 60-year concession for this purpose was let to ex-Congressman W. A. Rodenberg.

Dr. Elwood Mead, Commissioner of Reclamation of the United States, in a report to Mr. Rodenberg on Sept. 30, 1926, told of the cheapness with which the valley could be irrigated and of its richness, saying that even the "primitive farming" of the peasants there "enables these people to live and enjoy an independent, free and easy existence." Then he added:

To investors in reclamation works these natural advantages are rendered more attractive by the stable, efficient and enlightened character of the Government. Irrigation development must be based on the idea of permanence . . . For such a task a stable government and its sympathetic coöperation is indispensable. It is fortunate that this is assured. I have returned from Haiti realizing as I had not before . . . the genius for administering free institu-

tions which is manifested by the administrative officials sent there from this country.

The tendency of the investor, thus, is to start with the assumption, not that our intervention will, or even may, end in 1936, but that it will go on indefinitely.

Dr. Mead, however, was fearful for the fate of the valley's peasant population of 200,000, — a population whose density, he points out, "equals if not exceeds that of Belgium." He suggested that a sociological survey be made before disturbing the lives of so many people and a law be passed preventing the peasants from selling their land and allowing them only to lease it for reasonable periods. The survey was not held and the contract, as signed, provides for the concessionaire acquiring, either by purchase or lease, an unlimited area for cultivation himself, although it also obligates him to supply water to other landholders who pay him for it.

Dr. Mead also emphasized that the "chief obstacle" to this project was the "chaotic condition of land titles," although he believed, from the experience of other American plantations in Haiti, that, even so, the land might be acquired. This obstacle, however, has undoubtedly retarded the plantation system. The Artibonite contract requires the Haitian Government to determine the land titles in the valley. Moreover, our officials, almost coincident with the letting of this contract, began preparing a Cadastral Bill to end this chaos by settling and registering titles not only in the Artibonite but everywhere in Haiti. By the time this article appears it may already have become a law. The advantages of such registration need no emphasis; what does need emphasis is that it removes the last of the three safeguards to the peasant.

One peculiar danger must be cited in this connection. Haitian law does not recognize squatters' rights. An unknown number of Haitian peasants either have been simply squatting on state land or have lost their legal papers and have no means of proving that they are not squatters. They may be dispossessed in favor of the State, which, for instance, claims most of the land in the populous Artibonite valley. Unless the Cadastral Bill has been changed recently, it contains no provision protecting the peasant by recognizing his long possession and cultivation of the land as sufficient title.

Of course our officials have not deliberately aimed at converting

a peasantry into a proletariat. The trouble is that they have not sufficiently realized this danger and, in removing obstacles to the development of the country, have not provided other and adequate substitutes for the safeguards which they were eliminating. They have concentrated on increasing Haiti's wealth so that they might have more funds to aid the peasant through sanitary, educational and other work, without thinking of 1936 or of the far-reaching forces which their development methods were meanwhile setting loose. They are now becoming more and more aware of the dangers in their basic policy, but the only check they have so far devised is the inadequate one of morally encouraging American plantations to lease instead of buying land and to develop, preferably, uncultivated areas.

One more illustration will show how complete has been our oblivion, on the economic side, to the central purpose of our being in Haiti as stated in our treaty. To demonstrate the many material improvements we have wrought in Haiti, our officials have arranged numerous "before and after" pictures and charts. But even this has never suggested to them the need of instruments for checking as closely as possible the effects that our help is having on the Haitians. There are no before and after charts, for instance, which trace its effect on the cost of living and the wage scale. When I asked for such information I could get only conflicting guesses from our officials. Similarly, no attempt has been made to keep tab on so essential a point as the relative benefits accruing from our intervention to the United States and to Haiti. There are not even statistics available as to how much Haitian land has passed under American ownership or lease since our intervention.

Even had our economic policy kept the treaty in mind and restricted itself to building a machine only somewhat in advance of the present capacities of the Haitians, we would need, at the same time, to train them to run it alone in 1936. But we have neither thus restricted our work nor made provision for its continued operation when we withdraw. On the administrative side, our services, it is true, have trained many Haitians for subordinate positions. But we have not been actively preparing any Haitians to take over the all-important directive work of our higher officials. The arches are being built not only without regard to their foundations but also without the keystones.

The upper layer of American officials in the departments which

we control formulate important measures without consulting the Haitians on their staff, who merely help to execute them. Our treaty officers explain that there is "so much to do" that they have "no time to waste in debating or explaining matters to the Haitians," — especially as an "interpreter would usually be necessary," since few even of our highest officials can speak fluent French, the language of Haiti.

Until this year no Haitian on the staff of one of our departments ever participated even in the elaboration of its budget. Then Dr. Kent Melhorn, the Sanitary Engineer, made the one exception by calling in the Dean of the Haitian Medical School. Dr. Melhorn says the Dean's eyes "fairly bugged out," for, "engrossed in his own work, he had not realized all the other elements entering into the Sanitary budget." Only eight years remain for giving some Haitians a comprehensive grasp and understanding of the inner workings of our machine.

But even if Haitian administrators are prepared, their usefulness must depend largely on the kind of government the country has when we withdraw. Our policy has not been one of training the Haitians in self-government and strengthening the representative institutions upon which both their republic and ours are founded. Nor has it even been calculated to leave Haiti with any sort of government strong enough to maintain itself without us.

What we have established in Haiti is a "benevolent despotism," to use the words of one of our treaty officers who defends it. It is, moreover, a despotism resting on the presence of our Marines. Although the treaty puts the power of the United States behind the intervention régime, and although the sole armed Haitian force, the gendarmerie, is under Marine officers, our officials say it is still necessary to keep a skeleton brigade of some 700 Marines quartered in the country "as a moral force." The Haitian Government fostered by us is, in fact, one which many Americans in Haiti, including some of our high officials, openly admit is much more liable to crash than to continue in power once we withdraw.

This despotic system (for which, it must be said, the background of dictatorships in Haiti prepared the way) was brought about to some extent by our gradual encroachment on powers that were not ours by the spirit, if not by the letter of the treaty. The treaty provides for advisers, but it is everybody's secret in

Haiti that these "advisers" really run their departments. Above them is our High Commissioner, Brig. Gen. John H. Russell, U. S. Marine Corps, now a civilian official with whom the five treaty officers meet weekly as a sort of cabinet. No one in Haiti doubts that this body is the real governing force of the country. It not only administers but, in the last analysis, it makes the law, subject only to the veto of our State Department.

Two important departments of the Haitian Government, Public Instruction and Justice, were not provided with advisers by the treaty. Treaty officers who say this was a "sad mistake" blame President Wilson for having deliberately kept these offices outside the scope of intervention. Our control of finances, however, puts us in a position of power where we can either show our attachment to the treaty, by dealing with these departments as fairly and as generously as with those under us, or exert a strong influence over and even encroach on them despite the treaty. We have done the latter.

We have so increased the salaries of Haitians employed in our departments that, for instance, the janitor of the General Hospital now gets the \$15 a month that its highest paid doctor received when we intervened. But the teachers still get miserable salaries. The Haitian school system aims at giving a classical education. We decided that the crying need in Haiti was "practical" education and have carried that idea out by creating such schools under our agricultural service. When one speaks of our educational work in Haiti (and the work itself merits praise) it is to the schools under our control, rather than to the Haitian Department of Public Instruction, that reference is made.

As for the Justice Department, our treaty officers while openly denouncing the "maladministration" of justice (which, from most accounts leaves much to be desired), did not take steps, until a few years ago, to lessen the liability of corruption by increasing the pitiful salaries of the judges. And even after that increase in pay, a Haitian judge in the Court of Appeals gets only \$140 a month while a Haitian gendarmerie captain under us gets \$150.

The fact is that the independent Haitian courts have proved one of the few effective checks on our power and, through their juries, have provided an outlet for Haitian feeling against us. We have made an insistent demand for "judicial reform." This has now been realized in some amendments to the Constitution, approved by us and adopted on January 10 in a plebiscite that

European observers in Haiti say was one of the most farcical elections they ever saw. These amendments ended the life terms which had been enjoyed by lower judges as well as by the members of the Supreme Court, a Bench which several Europeans and American business men in Haiti commended to me. The "reforms" gave the President of Haiti power, within a year, to reappoint them or otherwise fill their places, not, however, for life. Instead, the Supreme Justices are to hold office for ten years and the other judges for seven.

Other amendments passed at the same time eliminate the constitution's prohibition of a censorship as well as its guarantees of jury trial for all criminal, political and press offenses. Freedom of the press and the right to jury trial are now to be provided "under conditions determined by law."

This brings us to a consideration of the power that we have over the President and that he in turn has over the law-making body. Its development may be briefly traced. After the Haitian Legislative Assembly which we found in office in 1915 had elected Senator Dartiguenave as President, and had ratified the treaty of intervention, it was dissolved. A Constituent Assembly was then elected under our supervision. Among the provisions which we suggested the new Constitution should contain was one allowing foreigners to own land. It was overwhelmingly rejected by the Assembly. When the Assembly was about ready to adopt a Constitution, it was dissolved, our Marines entering the hall and forcibly carrying out the order, according to members. That was in 1917.

In 1918 the present constitution, which Haitians say was written in Washington and which at any rate was not the product of a Haitian Assembly, was placed before an electorate 90 percent illiterate and adopted by plebiscite. Three points in it are noteworthy: 1. It allows foreigners to own land. 2. It contains a special article which reads: "All the acts of the Government of the United States during its military occupation in Haiti are ratified and validated." 3. It ends with a "transitory" article which provides that "the first elections for the members of the Legislative Corps, after the adoption of the present Constitution, shall take place on January 10 of an even year." It adds that "until the constitution of the Legislative Corps," legislative power will be vested in a Council of State, composed of twenty-one Haitians named by the President of Haiti.

Since 1918 there have been five even years but, by virtue of that indefinite article, "an" even year, no elections for the Legislature have yet been called. The provisional system which still obtains obviously puts full power, on the Haitian side, in the hands of the President. Measures to become law need merely be passed by the Council which he himself appoints. Moreover, as the election of the President is a prerogative of the Haitian Legislature, the Council, as its successor, is not only named by the President but names him in turn.

But the President, to hold office, must have our "recognition," so that all power in the Haitian Government is really dependent on us. It might seem that there was a loophole, since a President, once recognized, might not conform to our wishes. President Dartiguenave, in fact, did once block a measure we desired. His salary was stopped by the American Financial Adviser and the measure was adopted. Our present officials, it is true, deplore such tactics and say there has been no further example of them. But one such example is often enough. Certainly this particular one has not been forgotten by the present President, Louis Borno. In talking with me he called it "outrageous."

Mr. Borno, who succeeded President Dartiguenave in 1922, is, however, a firm supporter of all our general policies. He avers that the situation calls for a dictatorship under us and him, and quite openly defends it. He impressed me as being a highly cultured, vindictive, patriotic, personally ambitious, shrewd and dictatorial man, lacking in balance.

Any President who supports us as Mr. Borno has done is bound to be criticized sharply by Haitians, and to this criticism Mr. Borno has proved very sensitive. He replied to it by repressive measures which increased his unpopularity. Since then, to repress the more and more bitter personal attacks against him, he has been driven to stronger and stronger support of our policies, not only to justify his original belief in them but because his sole weapon against his enemies is the force we control.

Our officials, able to execute their policies more easily through President Borno's support, and rather sensitive themselves to criticism, have been content to give him a fairly free hand for repression, even to his forbidding Senator King to enter Haiti. This has ended in identifying our officials and President Borno as one and the same. It has put both in a position where each may be

condemned, in specific matters, for the sins of the other, but where neither can afford to disown the other. All of which constitutes a vicious circle of centrifugal force, ever widening the gap between most of the articulate Haitians, on the one side, and the Haitian Government and our intervention officials, on the other.

The system is one in which far-reaching measures may be put through with little or no public discussion. It is one in which every outlet of Haitian opinion is either suppressed or repressed — no opposition in the Council, the right of public assembly extremely limited, social clubs closed for the most trivial of “political manifestations,” and editors frequently imprisoned without ever being tried. (This was true even before the recent amendments were passed.) It is a system which works largely through “yes men” and leaves much available Haitian talent unused. It is a system, finally, which, instead of trying to win to it as many as possible of the articulate minority, contrives not only to estrange the class that is almost certain to govern when we withdraw, but to make it very bitter both against the government we have set up, and against us and all our works. Even so able and normally moderate a Haitian as George Leger, the attorney for the most important American private interests in Haiti, said to me: “It is a strong thing to say, but I would prefer even a return to the disorders of 1914, when we were at least independent, to a continuance of the present régime. Our country is backward, but it is all we have. We fought for it and it is our own. We feel that now it is slipping away from us, into the hands of Americans.”

Until a few weeks ago there was every indication that not only this system, but President Borno’s very important personal rôle in it, would be continued until our treaty expired. One of the recent amendments made the Presidential term six instead of four years and (according to the impression President Borno gave me of his interpretation of it) removed his ineligibility to succeed himself again when his term ends in 1930. He also told me voluntarily that he “could say right now that no legislative elections would be called in 1930,” — although other amendments, incidentally, increased his influence over the choice of the legislators, if and when elected. His statement meant that the 1930 election of the President who holds office until 1936 would be in the hands of his own Council, making his reelection practically

certain. There was no indication that our officials meant to oppose it. This would have put all our eggs in one basket by extending the only government we had developed — the Borno personal régime — to the very end of our intervention, and at the same time would have made certain its crash at the very moment we withdrew, since Mr. Borno, by the same amendment, would not be eligible for reëlection in 1936.

After attention had been called in the New York press to the danger in this situation, however, an Associated Press despatch from Haiti on April 18 announced that President Borno had “created a profound sensation” there by proclaiming that he would call legislative elections in 1930 and would then retire from office. That constitutes the first important move toward remedying a situation which makes either for the prolongation of our intervention or its renewal after a brief interval, and toward preparing the Haitians to govern themselves alone. But there are still plenty of dangers left.

To remedy this entire situation in the remaining eight years of the treaty will require much better diplomacy, much more consideration for the views, feelings and rights of the Haitians, much more open-mindedness and self-criticism, and a much better realization of the benefits of criticism from others than we have so far shown.

Some argue that it is hopeless to expect to make Haiti able to govern itself in twenty years. Granted that it is easy for us, after intervention, to arrange for the prolongation of the treaty with a government we ourselves created. Or granted that we can reach much the same end by weakening instead of strengthening the abilities of the Haitians for self-government and otherwise preparing a situation liable soon to justify the renewal of our intervention if we do withdraw. But, aside from the bad faith which either of these courses involves, this policy is entirely unsound. Our authorities cannot possibly know who will be President of the United States and who will compose our Senate in 1936. To carry on intervention on a scale requiring generations for success is to court failure, if not disaster, because it is quite conceivable that the United States Senate will insist on keeping its treaty pledge even though its executors have not.

From this examination of the course of our intervention it may seem that our officials in Haiti are imperialistic Machiavellis. That is just what they are not. Our treaty officers indignantly

deny having any ulterior aims. Our High Commissioner says that, "When any project is brought before me, the first question I always ask myself is: Is this for the good of Haiti?" Though I do not agree with the wisdom of the policy of our officials, I would not question their utter sincerity. I am convinced that they have been doing their utmost to help Haiti according to their best lights. I would say, moreover, that they are enthusiastically and unselfishly devoted to a task which is likely to be a thankless one at best, and that they constitute, if anything, a better body of men than we can normally expect to engage on tasks of intervention anywhere.

The trouble is not with the men but with the system. It is too often assumed that because men achieve certain results they must have consciously aimed at them. Any observation of politics, or of human endeavor in general, shows that circumstance and drift play a far greater rôle than deliberate, farsighted Machiavellism. Until this is recognized, and the system is corrected accordingly, the tendencies noted in Haiti are almost certain to follow wherever we intervene.

When we feel called upon to intervene it is bound to be in a backward and weak country. Because it is backward, the American official is painfully conscious of how much there is to be done, and, born to a philosophy of speed and efficiency and laying stress on material things, he plunges into the job of making the greatest amount of material improvements in the shortest time. The work of the American, as one of our Haitian critics put it, appeals to the eye, not to the heart. Moreover, the administrator soon becomes so absorbed in the details of his constructive work that he cannot see the forest for the trees.

Again, because the country is backward and weak, it supplies no adequate check on these tendencies of the intervention official, or of his power. Power, left to itself, tends to grow. Its growth is nourished by the fact that the natives are bound to regard the work of the interventionist with a certain amount of suspicion. The American, finding the sincerity of his best efforts questioned, is nettled, and, certain of his own righteousness, concludes that those who cannot see so palpable a fact are influenced by selfish motives and are not worth listening to. The result is that the native, equally certain of his own patriotism, is the more convinced that the American is deliberately imperialistic. And he goes to extremes which make the American the more positive that

his critic is merely "sore because he has been ousted from power and can no longer graft."

Not only does the country in which we intervene supply no adequate check on the application of our intervention; we do not supply it ourselves, — and it is we, the principals, and not our officials, the agents, who are most to blame for any failure to keep to the treaty we have signed. There is no strong and enlightened American public opinion to serve as a constant guide to our agents in the delicate and complicated problems they face every day. They are in a distant and strange country, and the American citizen has quite enough to occupy him in governing himself at home.

As for the American press, our greatest newspapers and news agencies do not keep staff correspondents permanently in countries where we intervene, and they cannot be expected to, since their readers are much more interested in other things. Even in Nicaragua, where there is the drama of warfare, only one paper, the *New York Times*, has a staff man to report it. Far-reaching measures such as the recent Constitutional Amendments in Haiti can be passed without so much as mention in the American press, except perhaps for a few general articles after the event has taken place.

There remains our Government. But intervention is only one small thing in the many problems before it. Congress cannot be expected to follow constantly from Washington the practical development of our policy in Haiti. It may send an investigating committee, but this is done only occasionally and after conditions smell to heaven; and the work of such committees is weakened by their partisan composition. There has been but one such investigation since our intervention in Haiti, and that was to inquire into charges of atrocities against our Marines there during the "Caco revolt" which took us three years to suppress.

What applies to Congress applies also to the Department of State and the President, to whom our intervention officials are directly responsible. It is true that our officials submit all important measures to the Secretary of State for approval, and he may lay them before the President. This constitutes a check, but it is obviously an inadequate one, if for no other reason than that the men in the field must have a large amount of discretionary power in applying policies.

And it is in the application of intervention, as in flying, that the

cross winds are encountered. Since no instruments exist to aid our officials in constantly detecting drift, they cannot be expected to correct for it. The real problem, then, is to invent a drift indicator for intervention flights, not only in Haiti but elsewhere.

That problem, in my opinion, might be solved in this way: Let Congress establish by law, once and for all, that we will never intervene in a foreign country without a commission being simultaneously appointed for the sole purpose of staying on the spot and seeing to it that, so long as the intervention lasts, we shall keep strictly to the goal we have set for ourselves, by treaty or otherwise, and of making public report of any tendency to drift away from this course. To guard against the natural tendency of citizens, and especially officials, to uphold whatever their country does abroad, the text of this law should strongly emphasize that the duty of the commissioners is not to defend what we do, but to be eternally vigilant in detecting and revealing any tendency, conscious or unconscious, on the part of our intervention officials, to deviate from our pledged course. They are not to be concerned with whether the treaty is wise or unwise, but, like a court, with the spirit and letter of the law as laid down. Coupled with this semi-judicial rôle, however, should be one of active investigation and recommendation to Congress and the President.

It might add to the strength of the commission to separate it distinctly from the powers that inaugurate any intervention or make any treaty under which intervention is carried out. Its members might therefore be named, not by the President or Congress, but by the Supreme Court or its Chief Justice. The commission should have diplomatic status, the right of access to official American documents relating to the intervention case with which they are concerned, and power to subpoena Americans. Its active power would be limited to making recommendations to our officials and public reports (regularly as well as whenever it saw fit) to the President and Congress. If publicity in the hands of such an impartial body does not prove sufficient, it can always be armed with greater powers.

Such a body should be of great service not only to the American public, to Congress, to the President, and to the State Department, in providing them with a permanent source of impartial information and in pricking their consciences when our intervention officials get off the track laid down for them; it would also aid those officials themselves. It would be a bulwark to them

against the pressure of powerful American interests seeking only their own profit. Its criticisms and suggestions would be invaluable. Its commendation would be something for our officials to strive for — their good work now passes as unrecognized as their mistakes.

No mention has been made of many things which have contributed to the present state of affairs in Haiti. I have barely alluded to the fact that few of our officials can speak fluently the language of the country, a knowledge so plainly necessary to an understanding of its people, or to the amazing turnover in all our officials except the High Commissioner. Many of them, no matter how good they are, are regularly transferred from Haiti after three years, when they are just getting acquainted with the country and the job. The detection of and the remedy for such faults would be at hand if the suggested commission were established.

Had such a body been functioning in Haiti, it is inconceivable that we should have floundered into the present position where, on the economic side, we imply that the Haitian peasant is quite capable of dealing on an equal basis with a million-dollar American corporation, while, on the political side, we imply that not only the peasant, but the educated Haitian, is quite incapable of governing himself. Nor is it conceivable that the laudable desire of our officials to build roads, for instance, could ever have been carried out in such a manner as to lead, after three years of peaceful intervention, to the three-year "Caco war" in which some Marines were killed and many Haitians.

The mere existence of a body clothed with such prestige and power would in itself tend to keep many evils from ever arising. The assurance that such a "drift indicator" would accompany any act of intervention would also tend to discourage selfish American interests which seek to have the Government intervene so that they may profit by it. Finally, the spirit which prompted the adoption of such a blanket guarantee should do much to lessen the hostility felt toward us by Latin Americans and destroy their belief in our imperialistic aims. We have much to gain by recognizing that policy, in the course of its application, is constantly liable to imperceptible drift. Surely we have nothing to lose by providing ourselves with the means for detecting this drift and for keeping our action to the course we ourselves have set.

WHAT NEXT FOR THE MORO?

By Ralston Hayden

A DETERMINED struggle is in progress today to control the latent wealth and dominate the political future of the richest undeveloped territory under the American flag — the treasure island of Mindanao and the Sulu Archipelago. There are three parties to the conflict. American business men desire to obtain there the valuable tropical products, including rubber, which yearly become of greater importance to the United States; they are quite certain that only under American rule can the Moros and the Christian Filipinos who inhabit these islands hope for peace and prosperity. Filipinos regard Mindanao and Sulu as the richest portion of their national heritage, look forward to the day when they will be an independent Philippine nation, and realize that if Moroland should be taken from them their dream of national greatness would vanish forever. The Moros, groups of primitive peoples without either national organization or sentiment, are suspicious and afraid of the forces which they feel closing in around them. By the sword and by intrigue their leaders are seeking to protect themselves from the impact of an alien civilization which threatens to crowd them off of the land which for centuries they have called their own. The Moro question, the problem of an ethnic and religious minority, has thus become one of the most urgent of the Philippine problems which Washington has been called upon to solve.

The undeveloped wealth and the genuine frontier character of Mindanao must impress every traveler vividly. It is difficult to visit this remarkable island without feeling the pioneer's impulse to accept the challenge of its vast opportunities. Approximately 37,000 square miles in area, Mindanao is about the size of the state of Indiana. It is capable of producing all of the staple tropical crops, besides large quantities of rubber, cattle, and sub-tropical fruits and vegetables. It has abundant resources in high grade timber, coal, iron, and water power, all susceptible of easy development.

A broad survey of Mindanao and the Sulu Archipelago discloses that those regions which possess the most valuable natural resources are the most nearly empty of inhabitants (the population in them averages about 16 per square mile), and that the people

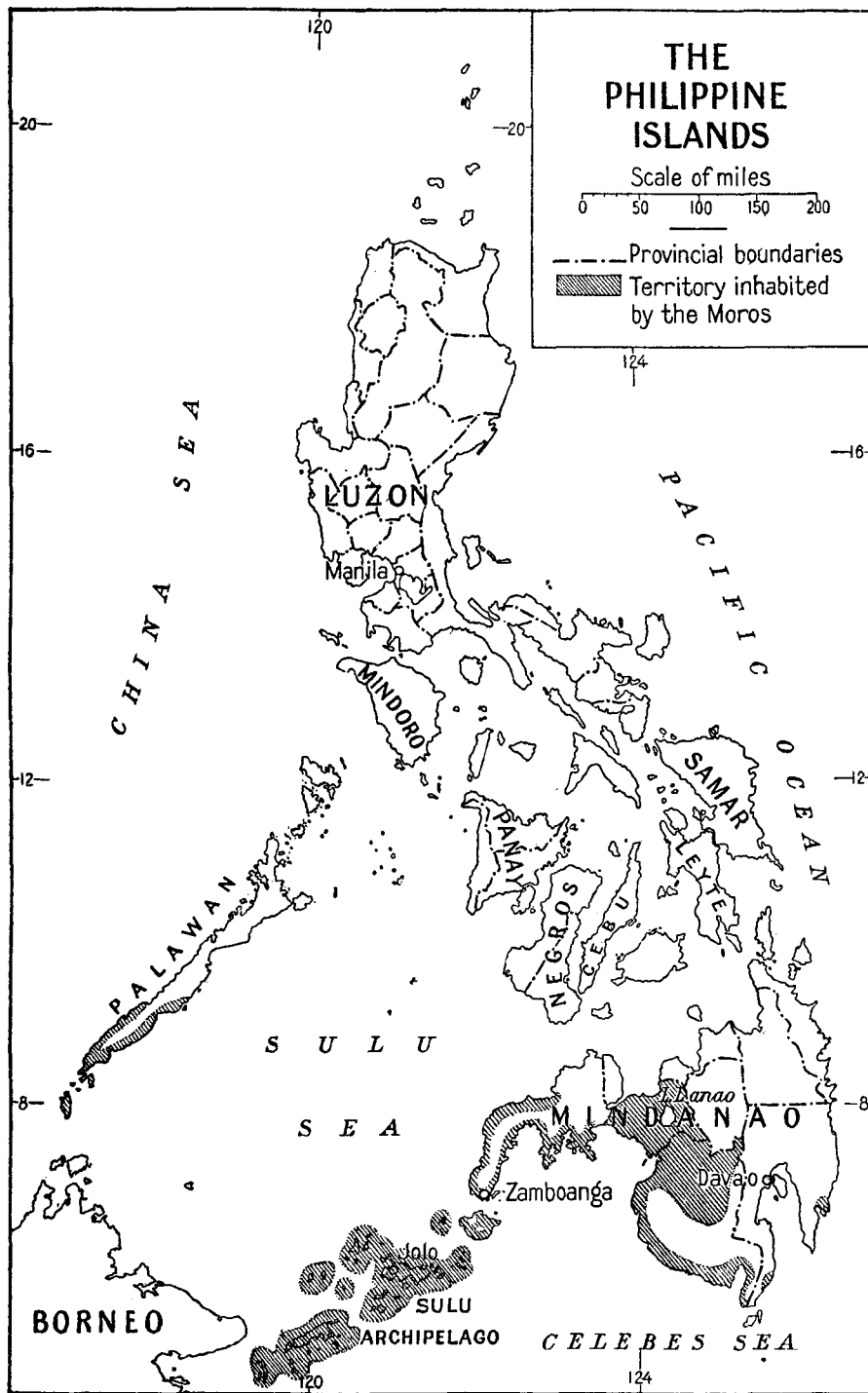
who do live in them are chiefly Moros and primitive pagans who are neither capable nor desirous of developing them economically. Although there are almost 100,000 more Christian Filipinos in Mindanao than pagans and Moros combined, the Christians are concentrated in the northern coastal provinces, or in the coastal plains and isolated river settlements of a few other regions. The Christians are rapidly increasing in number, however, for only a few miles northward of vacant Mindanao lies a group of Christian islands which are greatly overcrowded. Cebu alone, with 1,000,000 inhabitants, has a population of 535 persons to the square mile. Certain other islands, including parts of Luzon, are likewise overcrowded, and the population of the Philippines as a whole is rapidly increasing. There are serious population problems near by in China and Japan. Some 10,000 Japanese already reside in southern Mindanao, while most of the business of Moroland is done by Chinese, the real commercial pioneers of all the Malaysian countries.

The political and economic implications of these facts are inescapable. They lead irresistably to the conclusion that Mindanao will be settled and developed within the next half-century. The question which concerns Moros, Filipinos, and Americans alike — and some other peoples as well — is how and by whom is this settlement and development to be made?

II

The rôle which the Moros are to play in the development of Mindanao will of course be determined in part by their own character and abilities. The first fact to consider about them in this connection is their numbers. All told there are not more than 400,000 of them, and of these nearly half live, and will continue to live, in the Sulu Islands and Palawan. Their annual increase is not above two percent. The figures in themselves set definite limitations upon both their economic and the political capabilities.

Further limitations are imposed upon the Moros by their lack of political and social development. The best way to appreciate what three hundred years of Spanish rule did for the Philippines is to visit Mindanao and Sulu, where the Spaniards never effectively governed. With very few exceptions, the Mohammedan and pagan Filipinos living there lack completely the social and political organization upon which modern life rests, and which one finds highly developed among the Christian Filipinos who were



influenced by Spain. The three great Moro groups, the Maranaos of the Lake Lanao country, the Maguindanaos of Cotabato, and the inhabitants of the Sulu Archipelago, are as separate from each other, so far as any native institutions are concerned, as are Germany, France, and Spain. They have never achieved either the consciousness or the machinery of national unity.

Within each of the three groups the same absence of political organization is apparent. More than one hundred petty "datus" swagger about among the 100,000 Maranaos, no one of them admitting the existence of any native political superior. Each datu is jealous of the others and zealous in maintaining his own power and prestige. An official from Manila who recently inspected the province of Lanao spent much of his time in listening to bitter complaints growing out of this feeling. A datu came to him and said: "You are my father and my mother. I look to you for everything. But I am a very important man. I have a house with an iron roof. I have fifteen hectares of land and twelve carabaos. My followers are two hundred and twenty men. I have letters from General Pershing and General Harbord. I am the big man here. But you have appointed that little fellow, Datu So-and-so, as *presidente*. Why? He has only ten carabao and one hundred and fifty men. Why am I not the *presidente*?"

Such talk and such considerations seem trivial to the outsider, but they are the most important things in the world to the Lanao Moros. The two hundred and twenty men that the datu boasted of are really his. They regard him as the personification of their worth as human beings. If he is insulted, belittled, or injured, life becomes worthless to them. They can be made to fight for him even when it means certain death from the high-power rifles, Stokes mortars, and gas bombs of the Philippine Constabulary. In Cotabato the Moros acknowledge the leadership of a smaller number of relatively powerful chiefs, while in the Sulu Archipelago the Sultan of Sulu exercises a considerable influence over his former subjects by virtue of his religious position. In neither of these districts is society so disintegrated as it is in Lanao. But nowhere in Moroland is there any outstanding figure who might become a genuine leader of his people.

As the Moro will die for his datu in war, so, traditionally, will he obey him in peace. The datu and his *panditas* constitute the divinely appointed custodians, oracles, and executors of the ancient Moro laws and customs. Resting as it does upon slavery,

polygamy, and petty despotism, the whole native social-political system seems perfectly devised for the exploitation of the people as a whole for the benefit of their political and spiritual leaders, and although it no longer has any basis in the law of the land it is sustained by religious fanaticism, fierce racial pride, and stubborn adherence to ancient custom.

During the past quarter century the cruder manifestations of such a backward civilization have been forcibly curtailed. Upon it has been superimposed an alien system of government and education embodying American, Filipino, and Spanish concepts and practices. But the belief that the Moro has been fundamentally changed during this brief period is simply self-deception. The old Moro civilization is still deeply rooted among this proud, ignorant, stubborn and highly courageous people.

The Moros cannot solve the problem of how to adapt themselves to the conditions which are rapidly developing in Mindanao and Sulu, because they lack physical resources, because they possess neither sentimental nor institutional unity, and because the fundamental characteristics of their civilization make unaided progress along modern lines virtually impossible. The conditions under which they are to be brought within the limits of Western civilization seem likely to be controlled, therefore, not by the Moros, but by whatever outside authority dominates their territory during the next fifty years.

III

For the past quarter-century the fundamental object of American-Filipino policy in Mindanao and Sulu has been the ultimate incorporation of that area into a united Philippines, to be governed under common political institutions. This policy, involving the progressive unification of the Moro country with the Christian provinces, was enunciated by General Leonard Wood in 1903 in his first annual report as Governor of the Moro Province. In origin and early application, then, the policy of unification was American and not Filipino, a fact sometimes overlooked because subsequently to 1913 the Filipinos have turned the policy to their own purposes.

The government of the Moro Province, which included the Sulu Archipelago and those parts of Mindanao in which Moro and pagan interests predominated, was admirably adapted for the induction of a primitive people into the mysteries of modern

political life. Governmental organization was simple and direct. The line of responsibility ran without a break from the petty datu in charge of the remotest sub-district up to the provincial governor at Zamboanga. The officials were appointive; and they were hand-picked. In the higher ranks they were Americans, most of them Army officers. Among the provincial governors were such men as Leonard Wood, Tasker H. Bliss, and John J. Pershing, with whom were associated Hugh L. Scott, J. G. Harbord, Frank McCoy, George T. Langhorne, Dr. N. M. Saleeby, and others who have since attained distinction in military or civil life. During this period the administration of the Moro Province was not complicated by "politics," for all of the non-Christian territory of the Philippines was under the exclusive jurisdiction of the Philippine Commission, which was dominated by Americans until 1913. The Commission made the widest possible delegation of power to the Government of the Province. In effect, it gave the Governor the authority of a Roman pro-consul, and held him responsible for results.

Such a system, in the hands of such men, inevitably produced the expected results. The Moros and the pagans were forced to recognize the authority of the United States, and a *pax Americana* was established throughout a country which never before had known the reign of law. Legal slavery was abolished and steps were taken gradually to wipe out this ancient institution. Wherever possible the common people were protected from spoliation by their native leaders. Efforts were made to indoctrinate both the datu and their followers with Western ideas of justice. So far as practicable, and under competent American supervision, natives were entrusted with political authority. A comprehensive program of public works was begun, especially for roads, trails, and telephone communications. Schools were established, dispensaries and hospitals were built, and agriculture and commerce were encouraged.

The American program, however, struck at the wealth, power and prestige of the Moro aristocracy and at the religion and prejudices of all Moros. Consequently, it had to be put through by force. Never during the continental expansion of the United States were armed encounters between the Indians and American troops so frequent and so serious as the conflicts that took place between the Moros and the American forces from 1904 to 1914. In the end the Moros learned that armed resistance to the Ameri-

cans meant annihilation. They were conquered and disarmed.

But if it is important to understand that American rule in Mindanao and Sulu was first established by force, it is equally important to know that in the end the Moros ceased their organized resistance because that force was exercised with justice and consideration. As General Bliss put it, "After his first defeats and while he was getting his second breath, it gradually dawned on the slow-working mind of the Moro that the Americans possibly meant what they said when they declared that they intended no attack on his religion nor any violent or unnecessary change in his customs. He waited to see and has remained waiting. He is as ready to fight now as he ever was, but he sees no reason for organized resistance to the government."

Furthermore, during this period the Moros had practically no grievances against their conquerors and governors on the score of the abuse of power. The troops used were either American regulars or Philippine Constabulary largely composed of Moro companies commanded by American officers. The civil officials were either Americans of the highest type or prominent Moros. Plundering or extortion were practically unknown and when discovered were sternly punished. The Moros had no fear that the Americans would ever come to live in their country in large numbers and take their land from them. These supremely important factors softened the bitterness of the period of conquest, and eventually led to a general acquiescence in American rule. It was American and not Filipino rule that was accepted by the Moro, however. The Filipino had so far played practically no part in the drama.

IV

In 1913 President Wilson and Governor-General Harrison put virtually complete control over the Government of the Philippine Islands into the hands of the Filipinos. They were told to govern not only themselves, but also the Moros. They at once enunciated and put into effect a "policy of attraction" designed to assimilate the Moros rapidly into the body politic of a united Filipino people, whose goal should be the establishment of an independent Philippine Republic. This is the Filipino solution of the Moro problem.

Before the end of 1913 the Moro Province itself was abolished and in its stead was erected the Department of Mindanao and Sulu. In September, 1914, this department was completely re-

organized. Mindanao and Sulu were divided into provinces, the governments of which could easily be developed into replicas of those of the Christian provinces, chiefly by the progressive substitution of the elective for the appointive principle in the selection of public officials. For the time being the seven provinces thus organized were to be supervised by the Departmental Government, with headquarters in Zamboanga, the natural Moro capital.

In still another way the unification of the political institutions of the Southern Islands with those of the other provinces of the Archipelago was rapidly advanced. A marked characteristic of government in the Philippines has always been the centralization of control over the public services throughout the Islands in the departments of the Insular Government at Manila. The jurisdiction of practically all of the bureaus of that government was now extended to the Moro country. Direction of the services of education, public works, public health, penal institutions, agricultural development, and the public lands in the Southern Islands was transferred from Zamboanga to Manila.

This development of the provincial governments and of the organs of centralized administration and control was intended by the Filipinos to make possible the early elimination of the departmental government as an intermediary between the Manila government and the Moro provinces. This step was taken in 1920. The Department of Mindanao and Sulu was then abolished and its powers of supervision and administration were transferred to the Department of the Interior, which thenceforward directly controlled local government in both the Christian and the non-Christian parts of the Archipelago.

The critical periods in the development of almost every colony are associated in history with the names of great men. Two names stand out in the annals of Mindanao and Sulu. Leonard Wood, as all the world knows, organized the Moro Province and laid the foundations for the development of a modern civilization among the Moro peoples. Frank W. Carpenter established and for almost seven years directed the Department of Mindanao and Sulu and carried a long way toward achievement the project of making that territory and its peoples an integral part of the Philippine nation.

An idealist as to ends, Governor Carpenter was a realist as to means. In the Department of Mindanao and Sulu his realism meant two or three days in the field to one in the office. It meant

knowing personally every Moro, pagan, Filipino, Chinese and American leader in the seven provinces. It meant dealing with men in such a way as to bend them to his will, and yet to retain their respect and liking. Carpenter's idealism meant that he served a cause, not himself. His services in the cause of creating a unified and enlightened Philippine nation were recognized by a grant of 50,000 pesos from the Philippine treasury when his direct connection with Mindanao and Sulu ceased. To an extraordinary degree he possessed the confidence of both Americans and Filipinos. His personality was an indispensable element in the early success of the Filipino "policy of attraction," and his appointment as the first Governor of the Department of Mindanao and Sulu was an act of political wisdom for which the Harrison administration has never received sufficient credit.

In 1920, when the Department of Mindanao and Sulu was abolished, the Hon. Teopisto Guingona, who since 1917 had been its Secretary (and Acting-Governor during Governor Carpenter's absences from Zamboanga), became the Director of the Bureau of Non-Christian Tribes. The control over the seven provinces of the Department was thus transferred from Zamboanga to distant Manila and placed in the hands of a Filipino official who was also responsible for the government of some 400,000 pagans scattered all over the Philippines. With the advent of the Wood administration a year later, Filipino-American unity of purpose in the solution of the Moro problem vanished. Before long the new Governor-General and the Filipino legislative leaders were at hopeless loggerheads as to the Moro provinces. In other words, three of the factors which had contributed most vitally to the success of the Filipino program between 1913 and 1921 were almost simultaneously swept away. Furthermore, by the latter date Filipino officials, most of them inexperienced in dealing with the Moros, had largely replaced the experienced Americans who had been the backbone of government in the Moro provinces prior to 1913 and during the early years of the Carpenter régime.

v

Neither the accomplishments nor the failures of the Filipino régime in Mindanao and Sulu can be described here adequately. It should be stated, however, that in pushing their "policy of attraction" the Manila Legislature has not hesitated to make generous appropriations from the national Philippine treasury for

expenditure in the Moro country. They have spent money freely, even enthusiastically, upon education, public health, agricultural development, and other similar purposes. Unceasing efforts have been made to lead the Moros to feel that the Christian Filipinos are, indeed, their "brothers". Filipino leaders have promised the Moros complete control over their local government as soon as they are qualified to administer it. The Moros have been assured that the Christian Filipinos will never interfere with their religion.

Opinions differ as to the results thus far produced. The writer believes that material conditions among the Moros have continued to improve. They are producing more goods. More and better markets are available for their products. In most districts they are reasonably secure in their civil rights. In other words, despite the unrest, the intrigue, the dissatisfaction, and the frequent armed clashes (which have become more serious during the past three years), the Moro country as a whole is developing.

On the other hand, since 1921 the ancient Filipino-Moro feud has flared up bitterly and dangerously, especially in the Province of Lanao. There alone several hundred Moros have been killed in guerilla warfare with the authorities. The Philippine Constabulary is regarded, and at times acts, as an army in hostile occupation. In many of its battles with the Moros no quarter has been granted by either side. The wounded have been killed and the dead mutilated. Datus heading various factions stalk about the province followed by "slaves" and retainers armed to the teeth. Within the period of a few months in 1926 more than twenty schoolhouses around Lake Lanao were burned to the ground and the educational system of the province practically put out of commission. There are school districts in Lanao today which the division superintendent of schools, an American, cannot safely visit without an escort of soldiers. Many Moros refuse to secure title to their lands as required by law, or to pay taxes. A deadly triangle of hatred and intrigue has grown up between Filipinos, Moros and Americans. Conditions are less serious in the other Moro provinces, but everywhere those Moros who at heart wish to expel the Filipino and root out his civilization are becoming more powerful and active.

Abundant evidence exists to indicate that one of the chief causes of this retrogression in the character of Filipino-Moro relations has been the actual abuse of power by individual Filipino

officials in the Moro country. As Governor Carpenter feared, it has not always been possible to secure the highest type of Filipino for service in the Southern Islands. Some of the Constabulary and some teachers and other officials have committed serious abuses against the persons and property of Moros. School girls have been violated; datus have been beaten and robbed; Moros have been "done" out of land which they considered incontestably theirs; official positions have been used to punish enemies and reward friends. There also has been much tactless or deliberate outrage of Moro sentiment — as, for instance, when a Filipino magistrate insists in keeping a pig in the dwelling which is at once his home and his office. It is not surprising that such abuses should occur in a frontier country as large as the one under consideration, especially when they are far from unknown in other parts of the Philippines. In the Southern Islands, however, they have been bitterly resented by the Moros and have had a disastrous effect upon Moro-Filipino relations.

To these causes of trouble, and to the others which have been mentioned, should be added the Filipinos' tendency to ignore or override opposition to their program of rapid assimilation, and the immigration of Filipinos into Mindanao in numbers sufficient to irritate and alarm the Moros. The danger in the situation is that the same reasoning which led the Moro to accept government by Americans because they scrupulously respected his rights and, whenever possible, his prejudices, may now cause him to resist forcible control by Filipinos, whom he thoroughly mistrusts and regards as inferiors.

VI

A number of principles must be recognized and applied if the inevitable development of the rich and relatively underpopulated Moro country is to occur under conditions creditable to Twentieth Century civilization. The most urgent need is for the establishment by the United States of a stable Moro policy, one which will be recognized as permanent by interested Americans, and by Filipinos and Moros. All three could adjust themselves to almost any fixed policy. The existing uncertainty is injurious to them all and is the greatest single bar to proper development.

To carry any assurance of permanence, however, our Moro policy must rest upon a due regard for the rights and obligations of all three of the parties directly interested. Justice demands

that the Moros shall be given opportunity to participate in the material, social, and political development of their country to the full extent of their capacity to do so; and that they shall be protected from the disasters which "civilization" has brought upon other backward races.

On the other hand, the United States cannot, in justice or with safety, disregard the legitimate interests of the Filipinos in Mindanao and Sulu. For more than a quarter of a century American as well as Filipino policy has been directed to the ultimate assimilation of those islands into a strong, united Philippine nation capable of self-government and, if it shall so wish, of independence. Today it should be made clear to all reasonable men that the United States has not departed and will not depart from this policy. Upon this point the fears of doubting Filipinos and the hopes of recalcitrant Moros should alike be reduced to the irreducible minimum. Men and measures in the Moro provinces should be made to serve this fundamental purpose. Having made this matter clear, the United States should exert every reasonable effort to enlist the genuine coöperation of the Filipinos in the proper government and material development of the Moro country during the present transitional period. Once assured of the end, the Filipinos will be more willing to agree as to the means. The experience of the past ten years has taught many of them that although their country urgently needs the wealth which could be produced in Mindanao and Sulu, they are not yet ready to handle the Moros alone.

The Moro problem is regarded by Filipinos, and rightly, as inextricably linked with the broader questions concerning the government of the Philippines as a whole. The administration of Governor-General Wood restored government in the Philippines to a basis of law and cleared the way for an agreement between the United States and the Filipinos upon the fundamental questions at issue between them. Only as a part of such a general agreement can the Moro problem be put in the way of permanent and satisfactory solution. But whether it proceeds in agreement with the Filipinos or solely upon its own authority, the United States cannot escape responsibility for the fate of the four hundred thousand Moros whose country is rapidly being brought within the limits of Western civilization.

HAPSBURG POLICY IN THE BALKANS BEFORE THE WAR

SELECTIONS FROM THE DIARIES OF THE LATE
DR. JOSEF M. BAERNREITHER

By Josef Redlich

THE following selections from the diaries and memoirs of my great friend, Dr. Josef M. Baernreither, are taken from the volume which I have prepared for early publication in Germany. This volume will deal mainly with the Balkan problem in its relation to Austria-Hungary during the years from 1892 to the outbreak of the World War. The parts which I have chosen for publication here cover particularly the years 1912 to 1914, when the attitude of the ancient Hapsburg Monarchy towards Bosnia-Herzegovina and towards Serbia had such important consequences for all of Europe.

Josef M. Baernreither was born on April 22, 1845, of a prominent German family of Bohemia. He was educated as a lawyer and for a number of years practised both in the courts of justice and in the Ministry of Justice in Vienna. In 1885 he entered political life. From then until the collapse of the Empire he belonged to the Central Parliament of Austria, first as a member of the House of Deputies, later, from 1907 until 1918, as a life member of the Upper House. From 1890 he was one of the recognized leaders of the great German Liberal Party in the Lower Chamber, and as such he became in 1898 Minister of Commerce in the cabinet headed by Count Franz Thun. A year later he resigned, but he remained one of the leading German statesmen of Austria.

His main aim — never fulfilled — was to bring about a compromise between Germans and Czechs in Bohemia, for he was convinced that without such a compromise any real political progress in Austria was impossible. Austro-Hungarian foreign policy was intertwined with this problem, and he therefore gave it close study. He took particular interest, too, in the tendencies of the Southern Slav subjects of the Empire, part of whom were in Austria, part in Hungary and part in Bosnia and Herzegovina, the so-called "occupied provinces" formerly belonging to Turkey. He went almost yearly to all the South Slav lands of the Monarchy and also to the Kingdom of Serbia in order to come into personal contact with politicians, journalists and scholars. He learned to

speaking the Serb-Croat language and took a lively and friendly interest in all branches of Southern Slav economic and cultural life.

The Yugoslav problem as it had developed since 1848 had indeed become a question of life or death for the Hapsburg Monarchy. In 1907 Count Aehrenthal, Minister of Foreign Affairs, had got Emperor Francis Joseph's consent to transforming the occupation of Bosnia-Herzegovina into an annexation without previously securing the agreement of the signatories of the Treaty of Berlin. When Serbia's opposition to this momentous step produced the first of the great Balkan crises of the Twentieth Century, Dr. Baernreither, almost alone of the leading statesmen in both halves of the Dual Monarchy, stood for and worked for a policy of peaceful negotiation with Serbia. Thus he came into permanent opposition to the exponents of Magyar racial intolerance towards Croatia, and to the military imperialists who had meanwhile got a strong influence at court; of these latter the Chief of Staff, Conrad von Hoetzendorf, was the best example.

It was not merely a sense of justice but the product of ripened political wisdom which drove Dr. Baernreither to emphasize the vital nature of the Yugoslav problem for the whole Monarchy. And not less clearly he realized that the political helotism of the Rumanians in Hungary inevitably set at naught the whole Oriental policy of the Dual Alliance. Of course he knew that the greatest obstacle to a change of heart at the Ballplatz was to be found in the artificial predominance of the Magyar race in Hungary and in the not less artificial predominance of the ruling Magyar nobility in the commercial and foreign policy of the old Monarchy.

So much must suffice for introducing the reader into the curious *milieu* of Austro-Hungarian politics in the last years before the outbreak of the war, a *milieu* which, having perished forever, now belongs entirely to historical research.

The first of the fragments to be reproduced is a letter in which Dr. Baernreither gives his friend, Prince Max Fürstenberg (an intimate of Emperor William II), a report on his observations in Bosnia just after the beginning of the first Balkan War.

In fulfilment of my promise, I will give you a picture of the impressions I received during a stay of four days in Sarajevo. I had searching conversations with the Military and Civil Governor-General, Gen. Potiorek, with almost all the higher government officials, with the party leaders of the provincial diet, with various bankers, and with old friends who move in every circle.

What effect does the war have on the mood and attitude of the people? Outwardly, one notes nothing unusual in the city — or at most that the tobacco-shops and book-stores, where telegrams are posted, are besieged from morning till night. But there are inner vibrations, and the interest in the war is enormous. The Moslems are suppressed, silent, and avoid attention. The Catholics [Croats] are divided. The lower class is neutral and adheres to the Christian side. The newspaper under Archbishop Stadler's influence holds firmly to the Turkish side, out of antagonism to the Orthodox Church and in order not to upset the pact that has been concluded between the Catholics and the Moslems. The Serbs are naturally in high spirits. Tidings of victory are celebrated in all the restaurants. Partizan feeling goes very deep. More than 1000 volunteers have entered the Serbian Army, yet I was told that none of these were liable for military service. Cases are known in which men in secure positions have given them up and gone to Serbia to join the army. Collections are taken up for the benefit of the Serbian Red Cross. . . . Unless the Turks through some miracle are even yet victorious, nobody will deprive the Balkan peoples of what they have won. And miracles don't happen.

No less interesting, however, is the prevalent opinion here as to the future. The opinion of the Governor, who spoke frankly to me, is the opinion of everybody in Sarajevo. The moment the fate of Turkey is definitely sealed, Europe will no longer be able to do anything to prevent its partition. The sooner and more freely we recognize accomplished facts the better. Quite as unanimous is the opinion that there can be no question of taking away any territorial gains, since these are necessities to any growing state, most of all to Serbia. Commerce and intercourse must be put on the best possible political footing. With this in view, Gen. Potiorek holds that if the Slavic states increase at Turkey's expense and form a ring around her, we can put up with the situation if we arrange a tariff and commercial league with them, to be followed later by a military convention. Should this be unobtainable, he takes a gloomy view, believing that in such a case Bosnia and Herzegovina could not be treated as an independent territory, since that would not offset the attraction of the other Slavic states. But the idea that in such circumstances Bosnia and Herzegovina should be divided between Austria and Hungary is unanimously repugnant to all well-informed persons, since it would meet with fundamental opposition from both sides. Gen. Potiorek goes so far as to say that it will be necessary to fight for even the tariff union. But it is admittedly impossible to force anyone into a commercial agreement, and if it should really come to an exclusively Balkan tariff union, then our position would be critical in the extreme. Lombardy!

The "trialistic"¹ idea is pretty well spread among the Catholics and is especially promoted by the Archbishop; but it does not appeal to those who are Bosnians at heart, for they are all great autonomists. The Moslems and Serbs, who together make up almost three-quarters of the population, are opposed to "trialism." The leaders of the latter are now giving vent to very "black-and-yellow" opinions; and I believe, too, that the older among them, who are in-

¹"Trialism" was the political term used to describe the idea of uniting all the Southern Slav provinces of Austria and of Hungary with Bosnia and Herzegovina in one political and administrative unit which should stand to both states of the Hapsburg Monarchy in the same relation that Hungary stood to Austria. Thus the "Dualism" of 1867 would become "Trialism."

terested in the present Assembly and in politics, really mean it. How the younger generation feel, I cannot say, since opinions on this point are much divided. Many hold that it is quite vain to have hopes of winning the Serbs to Austria-Hungary, while others believe that if Austria should come to friendly terms with the future Greater Serbia, if trade and commerce with her were free, and if the Serbs were not forbidden the culture of their brothers beyond the River Drina, then the Bosnian Serbs might be held in a permanent relation to Austria. Certainly this is not a matter to be decided by violence and subjection, since the Serbs are 43 percent of the population and are the richest, most energetic, and commercially most reliable men in Bosnia and Herzegovina.

The new officials of the higher ranks whom Bilinski² put in office are weak, some of them notoriously incapable and even disreputable individuals. The new régime did, indeed, leave a single man in office — chief of the Department of Justice, Mr. Shek, the man best acquainted with the country — but he was shelved. The worst of it, however, is the disrupting effect of parliamentarism. That this arrived far too soon, at least in the form laid down by the present constitution, is agreed by all who have insight. There should have been a period of transition, in which some kind of State Council would have functioned — an opinion which I asserted and defended in the Delegations³ as early as 1908. Whether the present constitution can continue to function without a breakdown is doubtful, since it possesses none of the good points of Constitutionalism though it has the bad ones. . . .

On my return journey I visited State Secretary Szerényi, the intimate adviser of Dr. Wekerle,⁴ in order to hear something about opinion in Budapest. He said, quite correctly, that the present régime in Hungary and Croatia is insecure and in a very dangerous situation, and that things must be set right internally if one is to carry on a consistent foreign policy. He observed to me that it is common opinion in all Hungary that Austria must recognize accomplished realities in the Balkans; that there can be no thought of territorial gains; that all one can do is make sure of trade and commercial agreements. But the Magyar cloven hoof speedily became apparent. When I observed that in that case a tariff union with the Balkan states was the thing to seek and make the goal of our immediate policy, he hesitated and was of the opinion that in Hungary this could hardly be put through; and that we should have to be satisfied with differential tariffs. Of course, he laid the chief guilt at the door of the Austrian Agrarian Party; but he had to admit that contemporary Hungarian politics are actually run in the interests of three hundred families owning large landed estates.

From these casual observations the reality unfortunately emerges: We are not prepared to-day for action on a grand scale in the direction of a trade and commercial policy of the kind that we need as we need bread. We have allowed

² Dr. Leon von Bilinski was Minister for Imperial Finance, and, as such, responsible to the Austrian and to the Hungarian Parliaments for the administration of Bosnia and Herzegovina.

³ The standing committees of both the Austrian and Hungarian Parliaments, which deliberated upon and finally voted the annual estimates for the so-called "common purposes" of the Empire. They also surveyed the administration of the annexed provinces, Bosnia and Herzegovina.

⁴ Dr. Alexander Wekerle, who had been one of the most successful Prime Ministers of Hungary, again became Prime Minister during the war after the resignation of Count Tisza and his successor, Count Esterhazy.

the Agrarians to outgrow us. Hungary is in the control of vociferous interests that make every policy directed to the general good impossible; and our foreign office has in the last few years made mistakes for which a fearful punishment is now being inflicted.

The pro-Austrian Prime Minister of Serbia, Milovanovitch, was in Vienna in 1909 to secure from Aehrenthal a concession for the importation of Serbian meat — in vain. I had a searching conversation with him at that time, and informed Aehrenthal of every word of it, meantime urging him to hold out some positive hope to Serbia. Milovanovitch sought some definite assurance from Austria in case things in Macedonia should come to a head — a definite word, a sign of good will. But Aehrenthal answered: "My policies deal only with the present; the future will take care of itself." When I came back from Belgrade a year later and pointed out to him the necessity of strengthening the pro-Austrian groups in Serbia by meeting them half way, and of abandoning the timid policy of limiting meat importations, he replied: "Bulgaria means more to me than Serbia." He actually took it ill that I had gone especially to Belgrade. He was perpetually speaking of the Serbs in the tone Vienna used toward the Prussians before 1866: "they need a few good sound whacks." The monstrous error of his policy lay in the fact that while he did not come to grips with the Serbs and crush them — a course which might have produced some good — neither did he take the only other course remaining and come to an understanding with them as to what, under Prime Minister Milovanovitch, their desires really were.

At that time the Serbians might have been ours, and by admitting a greater number of pigs and oxen we might have achieved a friendship that now we must go out and seek for.

In connection with the Milovanovitch episode it is highly instructive to read the following three excerpts from the diaries of Dr. Baernreither during December, 1912.

VIENNA, DECEMBER 16, 1912.

I had a long conversation with Berchtold⁵ to-day. I asked for it because Dr. Cvijitch, a Belgrade professor with whom I am well acquainted and who is a kind of Egeria to the Belgrade government in matters of Balkan geography, had pressed me to secure an interview. On the two questions in controversy, Albania and a Serbian harbor on the Adriatic, Berchtold expects a peaceful understanding. He believes that we Austrians would have our own way in regard to the neutral harbor on the Adriatic. He avoided the Saloniki question. He told me that Daneff⁶ had entered an energetic demand for Saloniki on Bulgaria's behalf. "*Ce que nous voulons nous l'obtiendrons*," he had asserted at the Ballplatz. His demeanor here, being very self-assertive, seems to have made a great impression. In the question of the guarantees which Serbia ought to give, a question now so often raised that it ought to receive a correct and neighborly answer, Berchtold gave an evasive one; and merely observed that these guarantees must consist of definitely concluded negotiations, by means of

⁵ Count Leopold Berchtold, Count Aehrenthal's successor as Minister for Foreign Affairs.

⁶ Prime Minister of Bulgaria, who recently had visited Vienna.

which Serbia might demonstrate the correctness of her attitude. I held that Daneff's double visit to Vienna and Budapest had served to promote Austrian prestige, and I asked whether this did not indicate the desirability of having Pashitch ⁷ come too. The opportunity now offered itself of letting him know as much through Professor Cvijitch, who had told me he was coming to see me the next day. Berchtold objected to this, however, on the ground that the Austrian Ambassador in London now had the necessary instructions and the matter depended on the Conference of Ambassadors, so that such a step would not be opportune at the present moment.

He went on to give assurances, however, that the Monarchy had no intention of using violence toward Serbia. "We don't demand that they should bow in the dust before us," but we must work for a correct and normal relation between neighbors. "I am working for peace." At the end, after he had expressed himself hopefully and in detail with regard to the meeting of the Ambassadors, I put the question to him whether he was an adherent of the peculiar logic of the war party (among others the *Reichspost*, Krobotin, Conrad, etc.), which consists in the idea that war must result from the transformation of Austria-Hungary into a federalized and centralized empire, that internal difficulties will be surmounted by the after-effects of a victorious campaign, and other such ways of thinking. Berchtold laughs at these notions, but he did not deny that they do exist. Within the last week they had been put to him in the most various forms: trialism; division of Serbia between Albania, Bulgaria, Rumania and Austria; incorporation of Serbia with Austria through a tariff union and a military convention, etc. He took none of this seriously, or at least that is what he said.

VIENNA, DECEMBER 21, 1912.

Professor Masaryk hunted me up yesterday. He has been in Belgrade three times recently and called to tell me about his experiences. As I saw that what he was doing was important I asked him to describe everything to me from his notes, which he kindly consented to do.

The first time he went to Belgrade it was at the suggestion of the editor of the *Neue Freie Presse*, Moritz Benedikt. He talked with Finance Minister Pachu and came to Budapest, where the Delegation was still in session, charmed with the idea of a Serbian corridor.⁸ The second time he was in Belgrade was early in December, when he had several conversations with Pashitch. In the first place, both of them were in general agreement that relations between the Monarchy and Serbia must be improved. Pashitch spoke of his willingness to curb the Serbian press, but they came to no definitely formulated plan. Then just when Masaryk was getting ready to leave, on December 10, Pashitch had him come once more and developed a quite detailed plan, leaving it to Professor Masaryk's discretion whether or not to communicate it to Berchtold — by which he meant: "Please go to Count Berchtold and tell him what I am saying now."

⁷ Prime Minister of Serbia.

⁸ The idea was to give the Serbian state a right of way through the annexed provinces to one of the ports of Southern Dalmatia, where a free zone should be conceded to Serbian trade. It could have been easily done by building the missing railway link between Uzice, the end of the Serbian railway, and Vardiste, at the end of the Bosnian railway, a distance of not more than 60 kilometers.

According to Masaryk's notes, Pashitch declared himself as follows:

1. Serbia will and must remain completely independent both politically and economically, but we can enter into the best possible friendly relations with Austria.

2. We wanted to divide Albania, but we accommodate ourselves to Austria's desire for an autonomous state as proof of our willingness to meet Austria's wishes.

3. We are asking Austria for a harbor and for territory sufficient to provide a corridor to the harbor.

4. We are ready to give all possible guaranties and to pledge ourselves never to fortify it, not to place it at the disposal of any other Power, nor to cede it.

5. We are willing to make all possible economic concessions, to give Austria first consideration in everything, to conclude a commercial treaty in 1917, to give Austria first consideration in all loans, to abolish tariff discriminations, and to give favored treatment to Austria in deliveries. If matters cannot be adjusted along these lines we shall nevertheless maintain a correct attitude, wage no war to get the harbor, but create an outlet by way of Saloniki, attach ourselves economically to the Balkan Confederation, and buy nothing from Austria.

Pashitch will also be ready to consider Austria's prestige, is ready to come to Vienna and present his desires in person, and to negotiate with regard to them.

Masaryk came to Berchtold with these proposals on December 12. It is quite comprehensible that the latter assumed a reserved attitude and did not involve himself in the economic questions without further consideration. The main question, whether Pashitch should come to Vienna, he answered in the negative, while he went over with Masaryk the same ground that he went over with me a day later. Masaryk, however, was disappointed over the answer and did not know what to think. He came to my house but did not find me, as I was away from Vienna; talked with some South Slav friends and Wickham Steed, of the *London Times*; and then went off to Belgrade. He apprised Pashitch of the negative results of his journey and, it seems, disappointed him too. This final conversation with the Serbian Prime Minister took place on December 17. Meantime various papers printed the news — which, however, did not attract much attention — that Berchtold had deliberately discouraged a visit from Pashitch. This is the story as Masaryk told it to me yesterday.

VIENNA, DECEMBER 22, 1912.

Yesterday at four o'clock in the afternoon, three of us, Czernin,⁹ Schwegel,¹⁰ and I, had a detailed conversation with Berchtold. I began the discussion by suggesting that now, since the meeting of the Ambassadors had settled the harbor question in accord with our view, Pashitch could no longer press the matter of the corridor, that in consequence nothing any longer stood in the way of our receiving him, and that his visit would have very striking results for Austria. After the Daneff pilgrimage a Pashitch pilgrimage to Vienna

⁹ Count Ottokar Czernin, later Minister of Foreign Affairs of Austria-Hungary.

¹⁰ Baron Schwegel, former Chief of Section in the Austro-Hungarian Ministry of Foreign Affairs, member of the Austrian House of Lords, by birth a Slovene but educated as a German and in political action a moderate German Liberal.

was the very thing to improve our position, exonerate us, produce a revolution in public opinion, and elicit self-confidence.

Berchtold admitted that Daneff's visit had been a success, and added: "They told me in Berlin that we were being wheedled by Bulgaria." "Then be wheedled by Serbia, too," I replied; "that will make our position all the better." But he did not go on with the idea. To all my arguments and all Schwegel's arguments to this effect, he replied: "This is not the moment for it. The matter depends on London. The new Serbian Minister, Jovanovitch, who comes to me, has instructions and proposals." In a word, there was no winning him over to the idea, although Schwegel still expatiated on how much better our position among the Powers would be if we came to some understanding with Serbia. We agreed that Berchtold could not have come to an understanding with Pashitch on the basis of the Masaryk proposals, for that would have made it seem as if the corridor suggestion was admitted to discussion. But now that the Conference of London had agreed on the harbor question there would be nothing prejudicial in talking with Pashitch; it could only help to clear up the situation. Berchtold, however, stood by his own opinion in spite of everything.

The rest of this conference, which lasted a good while, was devoted to the economic question. Schwegel brought up the question of Saloniki a number of times. The day might come when Saloniki would be demanded with equal heat by both Greece and Bulgaria — which would lead to its being declared a free harbor, a matter of concern for all the Balkan states and also for Austria. Germany's interest in such a solution was also clear. The administration of the city would then be an international matter, or else for the five Balkan states — a *conférence à cinque*, Austria, Bulgaria, Serbia, Greece, and Albania. Schwegel wanted (what I had already asked for in Budapest) a Disraelian policy: purchase of territory for a harbor, etc., Berchtold listened to quietly, but nothing came of it.

We left Berchtold with the conviction that in the Pashitch question there must be some difficulty, unknown to us, since his refusal was otherwise too absurd. Czernin, who also saw that a visit such as was proposed could only be advantageous to us, was of the opinion that perhaps the Emperor was opposed. We parted on the Michaelerplatz, and I went into the Café Pucher to get some tea. There I ran into Paul Schulz,¹¹ who sat down with me at once and began to talk. He assembles all kinds of people at his house — he has an extraordinarily fine kitchen — and is especially fond of those who are for the moment in the limelight. Just now Conrad von Hoetzendorf is coming frequently, also a very beautiful lady whom he admires. Schulz told me that on a recent evening Conrad had devoted himself with much vim and energy to developing the idea that we could not wholly put aside the conflict with Serbia; that the wound must be kept open; that if one difficulty was got over, we must create a new one in order always to have an opportunity for settlement. Serbia, if enlarged, would be a kind of magnetic mountain that would draw to it irre-

¹¹ Dr. Paul Schulz was one of the most interesting figures in the innermost political circle of Vienna during the fifteen years preceding the collapse of the Empire. He knew personally all the prominent politicians, military and naval officers, scholars, artists and men of letters, and his house was an interesting meeting-place. As Second President of the Austrian High Court of Accounts, he stood on one of the highest rungs of the bureaucratic ladder. The Chief of Staff of the Army, Conrad von Hoetzendorf, was one of his intimates.

sistibly all our Southern Slavs. That must be stopped. From Conrad's ill-disciplined utterance it may be assumed that he has spread such views in other circles, which are sufficiently permeable to let them trickle through to Belgrade. How can there be a reasonable settlement between the two states? I remember one occasion at Paul Schulz's when in my presence and with some other men standing around he called Aehrenthal a criminal. The Chief of the General Staff talking thus about the Foreign Minister!

The following passage recounts a long discussion between Tsar Ferdinand of Bulgaria and Dr. Baernreither covering the whole Balkan situation as it existed after the second Balkan War.

VIENNA, NOVEMBER 25, 1913.

At Paul Schulz's this afternoon I had a conversation for two hours with King Ferdinand of Bulgaria. Of course the discussion was wholly political. The King seemed very well — graying, it is true, but with a good color, fresh and lively. He liked to intersperse his German with French words and sentences. He is a magnificent conversationalist, courteous — too courteous — full of lively turns of speech, a bit affected in spite of his frequent impatient glance. He has a lively way of speaking but he is also an attentive listener. He emphasizes things that interest him, or things that he wants it to appear interest him.

At the very beginning of the conversation he began to talk about the news in the *Neue Freie Presse*, which had discussed his abdication and all manner of personal tittle-tattle. He spoke ironically rather than indignantly, but expressed surprise that the Foreign Office did not put an end to this kind of thing. He explained that after eleven months of campaigning he had come to Vienna to buy Christmas presents; that he had visited Coburg and Ebenthal; and that he wanted peace and quiet. He added, laughing, that he had telegraphed his son that according to the newspapers he was in a Hungarian sanatorium. He sent the telegram in German and in clear so that the King of Rumania could read it (they intercepted his telegrams there), because people in Bucharest were *très riant* of knowing what such messages meant. Our political conversation embraced a great number of things. He questioned me, and then expressed his own opinion in the form of a lecture in which observations on both sides of the question are interlaced. I reproduce here the main heads of his observations, representing as it were a precipitate of the conversation.

He questioned me searchingly about the situation in Dalmatia and Bosnia. I told him in detail how matters stood there. He listened quietly and very attentively, since he knew both districts; and I got the impression that all he expected of me was to hear confirmation of matters on which he was already informed — a fact which he betrayed to me by occasional remarks. As for Bosnia, he thought we had sucked it dry; and he thought we were letting Dalmatia go to rack and ruin. The first opinion I contradicted, supporting my views thoroughly. Rumania, against which he was exceedingly incensed, concerned him most. He had always been afraid that Rumania would break loose, but his ministers had always calmed him and had maintained with much emphasis that Russia would never permit Rumania to cut loose against Bulgaria. Rumania had always had a lust for expansion, though in Bucharest nobody mentioned

Bessarabia out of respect for Russia. They had also had their eyes on Rustchuk and Varna. Maps were circulating in Rumania on which the Bukowina and the Siebenbürgen were included. The upper classes in Rumania, the intelligentsia, were against the Austro-Hungarian Monarchy — and not against Hungary alone, either, but against Austria as well. Old King Charles is still faithful to the Triple Alliance, a point which he emphasized.

In connection with Greek affairs he has some very hard words for Germany. The Germans snatched Saloniki and Kavalla away from the Bulgars. He was quite accurately informed on the German point of view, which von Jagow¹² went over with me in March of this year. The Crown Princess of Greece (the present Queen and sister of Kaiser Wilhelm) besought him, the King, in Saloniki, to leave Saloniki to Greece, because the stability of their dynasty depended on this. The German Kaiser had ridiculed his brother-in-law for years; now he sent him a Field Marshal's baton. It was not the Greeks who conquered Saloniki but the Bulgars. For if it had not been for the Thracian victories, the Greeks would never have reached the city at all. The Greeks will destroy the Austrian trade in Saloniki, for they will enter an alliance with the French and try to crowd Austria out. The King maintains that the Serbs and the Greeks had already reached an agreement during the first Balkan War; during his stay in Saloniki he secured certain definite information that the Serbian and Greek Crown Princes had concocted schemes against Bulgaria. He warns us especially against the Serbian Crown Prince.

He then spoke in detail about Serbia. On one occasion, when he was with the King of Italy, the latter praised the Karageorgevitch dynasty and advised him to conclude an alliance with them. The Serbian corps of officers and their artillery are extraordinarily fine. He (Ferdinand) had personally smashed the Balkan League and thereby done Austria the greatest service. He asserted that Austria strengthened him in his determination to come to grips with the Serbs and that he had ground for reckoning on our help. . . . It had always been his effort to keep his distance from Russia but he had to find support somewhere.

Several times, during various turns of the conversation, he came back to one thought which I will sketch here. He wholly approved our coming to a good understanding with Serbia, that being a necessity on account of our Southern Slav population. He also heard with interest that in Bucharest Czernin wanted to use the Rumanian government as a means of improving our relations with Serbia. I took this opportunity of telling him some facts about Czernin, explaining that he would under no circumstances lend himself to a policy of intrigue or doubledealing. He seemed to know about our intention of improving relations with Serbia via Rumania — or at least he so interpreted the Czernin mission. He had nothing against it. Now, however, came an extremely serious exhortation to me. He said that we should not dare forget Bulgaria because of our drawing closer to Serbia. He asked me whether perhaps an encirclement of Bulgaria was not envisaged — which I could not deny. To his further question, what kind of policy we then should pursue toward Serbia, I answered that we should have to pursue a double policy: We should have to reach better political relations with Serbia, but above all adopt a different method of governing our Southern Slavs, so as to make Serbia's attraction less effective. . . .

¹² German Minister for Foreign Affairs.

He had some bitter things to say of Germany. German policy by no means coincides with Austro-Hungarian policy in the Balkans, and this is most strikingly true in Serbia. . . .

A discussion which Dr. Baernreither had with a prominent Serbian statesman on the first day of June, 1914, seems like the last peaceful voice before the terrible events at Sarajevo on the 28th of that month unleashed the furies of the World War.

VIENNA, JUNE 1, 1914.

To-day Dr. Velimir Bajkitsch, from Belgrade, visited me and talked about Serbian affairs for four hours. He had had to do with the negotiations for the commercial treaty in 1904, had been in the campaign, and was now traveling on a commission for the Carnegie Foundation to study the after-effects of the war on economic and social conditions in the Balkan states. He had a great many interesting things to tell me which unfortunately I cannot record here, since the whole night would hardly be long enough to get them all written down. It was not specifically stated anywhere during the whole conversation that in the depths of the Serbian heart the national idea and the hopes linked with it are slumbering, but nevertheless this is the vibrating string in all dealings with Serbia. In the last analysis, Bajkitsch favors a relationship to the Monarchy based on mutual advantage. He explained to me in detail the position of the various political personages and parties so far as this question is concerned. The Nationalists, under Ribarać, adhere closest to this conception, and the Young Radicals also will not hold back. Pashitch does not seem to be clear in his own mind; at least he has not yet given up his policy of delay. The export of cattle is not a matter of great importance to Serbia compared to the export of pigs on a large scale. For any considerable increase of the quota Serbia would always be ready to make a significant counter-concession. Export of sheep across Bosnia to the Adriatic would also be of use to Serbia. He told in a very interesting way how he participated in the conference on a commercial treaty in Vienna in 1905, and how at that time a very rigid treaty between the Monarchy and Serbia was in preparation and near completion; how the web was torn across by the news that Serbia had concluded a tariff union with Bulgaria. But now, he said, after Serbia had met with success abroad through the Eastern Railway negotiations, it was a duty to herself to give up the policy of delay and conclude a commercial treaty, a railroad convention, and a maritime treaty with the Monarchy. He also told me, as so many others do, that Rumania was going forward proudly and energetically. She has already, since the close of the Balkan confusion, concluded a commercial treaty with Greece, in order to supply that country with bread-stuffs. Our agreement with Greece is a treaty in name only.

He pictured the Macedonian situation as I have often read of it. The Macedonian Slav is an intermediate creature, and Bajkitsch believes that Serbia will assimilate him. Migrations of the peoples in the Balkans are deliberately furthered by Greece. He believes that the league between Rumania, Serbia, and Greece is very firm and also rests on a military understanding. In March and April a desire to break the peace was operative on both the Turkish and

the Bulgarian sides, but the firm union of these three killed the idea in the germ. People in Serbia have had all the war they want. Emigration is due to disgust with warlike appearances and prospects. Otherwise Serbia would have no emigration, as there is no economic occasion for it, especially now when there is land enough in the depopulated new provinces. Among these, Uskub will be an economic centre.

Summa summarum: The Serbs might now come to a good economic understanding with the Monarchy. The links with Austria-Hungary are after all indestructible. Serbia needs them now, since she must have a few years to rest and pull herself together. In the lowlands there is shortage of money. In Belgrade, abundance of money, rising prices, and speculation. Bajkitsch frankly declared that Austria could pursue one or the other of two policies in Serbia: either occupy it or live on friendly terms with it.

On this point I had a long conversation with Clam¹³ in Budapest. He is for the first policy: *saigner à blanc*. He was very much under the influence of the Hungarian nobility, with whom he exclusively associates there. People in Budapest are more intransigent toward the non-Magyar nationalities than ever. Nagy, the Reporter for Foreign Affairs in the Hungarian Delegation, declared to me that if matters went further in this direction, it would some time be necessary to knock down Rumania. They believe in a war with Russia, regarding it as inevitable. Even the Hungarian ministers talk like that.

In the month of June, 1914, Dr. Baernreither entered in his diary the following report of a dinner with Parliamentary friends. Dark clouds were hanging over the Hapsburg Monarchy.

VIENNA, JUNE, 1914.

Czernin has been with me. He is discontented with the Delegation because the policy of inactivity has its sanction. Quite properly, he says that if one can't annihilate the Serbians one must give up prejudices against them, have no more mental reservations, come to agreement with them — and the same holds with the Rumanians. For this conception, which is the only right one, it is impossible to get a hearing either in Vienna or Budapest.

A few gentlemen spent last evening with me (Riedl, Wimmer, Thayenthal, Deputies Licht, Urban, Lecher, Freisler, Redlich). We had a thorough-going conversation about commercial policy on the basis of a report submitted by me. I put forward the same idea that Czernin urged on me to-day: to seize the favorable moment to come to an understanding with Serbia. Pashitch goes, or will have to come round. The Serbians need quiet and the economic support of the Monarchy. Riedl assured us that he had this end in view. Redlich complained again of the decay of the state, the corruption of the press, senseless government, and prophesied the worst. Abroad; these internal affairs are too lightly estimated. People say that monarchistic vigor in Austria still is a great force if the Government is left free to manage affairs by applying Article 14 of the Constitution.¹⁴ Anything like that would be unthinkable elsewhere.

¹³ Count Heinrich Clam-Martinic, the leader of the party of the feudal Conservatives in Bohemia, a personal friend of the Archduke Francis Ferdinand; later Prime Minister, appointed by Emperor Charles.

¹⁴ The clause giving dictatorial powers of legislation in cases of public emergency.

To the superficial observer this kind of government is an evidence of the Crown's strength, which wins it definite respect. On such an insecure basis rests all that official optimism nourished by Stürgkh. But in the long run Redlich is right. If matters continue as at present this imperial strength will lose the ground from under its feet. Things still go along to-day because of the deference felt for the old, sick Emperor. What then? Czernin says that the successor to the throne will have to show in the first few weeks that he is going to rule with the people and not with a couple of counts. If that really happens, if we are pleasantly disillusioned, and if he really sets about popular reforms, then there will be a transformation in public opinion. Certainly — if!

That will be the question of his life and ours.

The following passage, for which I go back to Dr. Baernreither's diaries of the year 1911, serves very well as a final judgment on the general development of Austro-Serbian relations as produced — not exclusively, but primarily — by the lack of political wisdom and enlightenment on the part of those who ruled the Austro-Hungarian Empire in its last period.

VIENNA, JUNE 20, 1911.

The formation of the Serbian speech into a literary language, the beginnings of literary creation, European forms of life, European commercial needs — all these the Monarchy has brought to the Serbs across the Save. If ever political union through the nature and development of individual branches of a race was foreshadowed, this is the case here. Our unfortunate attitude toward Serbia has grown up against nature, against geography, against community of language, against original inclinations, against the natural relationship of the people on our side of the Save and on the other side. Whether it is still possible to retrieve the blunder, to set right the mistakes that have been made on both sides and that have caused so much bitterness and misunderstanding — that is the big question mark.

The question mark was soon to be abolished. On June 28, 1914, Archduke Francis Ferdinand fell a victim of the pistol shot of a Bosnian youth. The annihilation of the old Empire, the erection of the Kingdom which now unites the whole Yugoslav race in one large political unit, were the answers which fate gave to the anxious question raised by one of the last and best Austrian patriots and statesmen. Baernreither witnessed the whole terrible judgment that was pronounced against the rulers of the Dual Monarchy. He died September 19, 1925.

THE FINANCIAL INDEPENDENCE OF PERSIA

By Edgar Turlington

FOR the second time in less than twenty years an American Financial Mission in Persia has been wrecked by politics. The Shuster Mission of 1911 was brought to an abrupt end by the intervention of Russia. The Millspaugh Mission of 1922-1927 owes its termination chiefly to a resurgence of nationalistic elements which the Administrator General of the Finances was powerless to propitiate. The experiences of the two Missions raise the question of the possibility of the completion of a difficult technical undertaking by foreign experts not officially sponsored and supported by their governments. The fate of the Millspaugh Mission provokes also the more immediate enquiry whether Shah Pahlevi's government is likely to show sufficient strength and integrity to build upon the foundations of the last five years a solid structure of financial independence.

At the end of the war, Persia—crippled, demoralized, and destitute—was subsisting on monthly doles of £70,000 from Great Britain. Russia having fallen out of the race, the time seemed ripe for the establishment by Great Britain of a friendly protectorate. Such was in fact the intent of the agreement signed at Teheran on August 8, 1919, providing for a loan of £2,000,000 and the appointment of British officials as financial and military advisers to Persia.

This agreement was made public shortly after the return of President Wilson from Paris, where he had heard the details of the desperate situation of Persia and had been dissuaded from receiving a delegation of Persians only by the strong objections of Mr. Lloyd George. The discovery that at the very moment when he was prevented by the British Premier from hearing the Persians at Paris the British Government had been secretly negotiating at Teheran an agreement for the virtual control of Persia made the President extremely angry. His anger mounted when he learned that the official organ of the Cabinet at Teheran had, on August 23, declared that "America, the only Government able to assist Persia, had abandoned her" and that Persia had been "deceived" by him. At the beginning of September, therefore, through Secretary of State Lansing, he sent a telegram

to the American Minister at Teheran directing him to deny that America had refused to aid Persia and to declare that the United States had constantly and consistently showed its interest in the welfare of Persia. The Anglo-Persian agreement, the Secretary of State added, would seem to indicate that Persia did not desire American support and coöperation in the future.

This telegram, copies of which were given to the press by the American Minister, produced great excitement at Teheran and strengthened the hands of those who opposed the ratification of the agreement. The fate of the agreement was sealed in February, 1921, by the conclusion of a treaty between Persia and Soviet Russia providing for the abandonment of the "predatory policy of the former Tsarist Government toward Persia," for the abolition of extraterritorial privileges in favor of Russian nationals, for the annulment of the Anglo-Russian agreement of 1907, and for the renunciation of all claims on account of the loans (some \$30,000,000) made to Persia by Russia under the old régime. Before such an example of generosity from the traditional foe of Persia, Great Britain (whose people were clamoring for financial retrenchment) could not continue her demand for the ratification of the Anglo-Persian agreement. She did not even oppose the dismissal of the British military and financial advisers who had already begun their work.

With the Anglo-Persian agreement definitely out of the way, Persia looked again to America. The country's financial situation was still, despite the cancellation of the Russian debt, nearly as desperate as it had been at the close of the war. The generosity of Soviet Russia not having extended to the revision of the conventional tariff, the income from the customs revenues was still distressingly low. The internal taxes were still anachronistic and unprofitable. The means of transportation were of the most primitive. Agriculture and industry were undeveloped. The only natural resources from which considerable revenues could be readily drawn were the fisheries, which were in Russian hands, and the petroleum fields, which had been largely conceded to British capitalists. The most encouraging asset of the country was its new army, which, under the inspiring leadership of Reza Khan, was making great progress in the establishment of order.

The economic program formulated by the Persian Prime Minister in the autumn of 1921 embraced not only the engagement of American financial advisers but the grant of a petroleum con-

cession to an American company and the flotation of a loan in the United States. With a view to the realization of this program, Mirza Hussein Khan Ala, frequently referred to as Persia's ablest diplomat, was sent to Washington. Mr. Ala immediately sought the aid of the Department of State in the selection of the advisers and opened negotiations with American companies with respect to oil concessions and a loan. He succeeded in interesting the Standard Oil Company of New Jersey in a concession and in obtaining from that company an advance of \$1,000,000 for the most pressing needs of his Government. At the Department of State he was accorded a sympathetic hearing, and in July, 1922, he received from the Department a note in which the Economic Adviser of the Department, Dr. A. C. Millspaugh, was suggested as a person with whom the Legation might wish to communicate with regard to the appointment of a Financial Adviser. It was made clear that the Government would assume no responsibility for any action which Dr. Millspaugh or any other American might take as an official in the employment of Persia.

In the contract signed by Mr. Ala and Dr. Millspaugh on August 14, 1922, Dr. Millspaugh was named not as Financial Adviser but as Administrator General of the Finances of Persia. The powers accorded to the Administrator General were less extensive than those which had been granted to Mr. Shuster after the latter's arrival in Persia in 1911. They included, however, "general charge of the financial administration and the preparation of the government budget" and "effective control over the personnel of the financial administration, over expenditures, and over the creation of financial obligations." The Persian Government agreed that "it would neither grant any commercial or industrial concession nor take any decision on a financial question without prior consultation" with the Administrator General.

Dr. Millspaugh and the eleven assistants who had been chosen by him and appointed by the Persian Government after the communication of their names to Mr. Ala by the Department of State, arrived in Persia in November, 1922. Skeptics gave them three months to become familiar with their task, three months to get the task under way, and three months to collect their salaries before leaving the country in despair.

The most immediate need of the patient was money to meet a current deficit of \$4,000,000 and to pay salaries and pensions, which were eight months or more in arrears. There were some

observers, indeed, who charged that the Financial Mission had been invited to Persia merely as a cloak for obtaining a loan in the United States. If the Mission were successful in obtaining a loan, it would have served its purpose and might be dismissed. If a loan were not obtained, it would be wholly disregarded.

Undismayed by the atmosphere of depression in which they found themselves, Dr. Millspaugh and his associates set to work. They almost at once perceived that the chaotic state of the finances was due primarily to "politically induced maladministration." There was "abundant financial ability among the Persians," and there were numerous Persian statesmen who had "the requisite energy, courage, and will" for the solution of their country's financial problems. The failure of the ministers of finance who had undertaken the task had been due almost entirely to political pressure. "With an average tenure of three months . . . a minister of finance was unable, as a rule, to know his administration or to carry out any far-reaching programs. . . . Even if he were personally honest, he could not oppose those who were politically influential. . . . Cases were never closed. . . . Nepotism reigned." The idea that laws should be applied alike to the powerful and the weak, that public funds should be spent only for the public good, had never been even tentatively put into practice.

In these circumstances the rôle which the Administrator General of the Finances was called upon to fill was fairly obvious. He was first to introduce financial reforms and then, because he was a foreigner, under contract for a minimum period of three years, he was to bear the brunt of the criticisms of those who would be injured by the reforms.

The reforms began and the criticisms immediately followed. The removal of incompetent employees produced instant outcries from their political backers. The passage of a budget law and the pruning of the estimates of the various ministries drew protestations of the impossibility of carrying on the activities of the ministries with the funds allotted. The attempts to collect arrears of taxes from rich and powerful landowners brought opposition which was broken down only by the threat of armed force, supported by the Minister of War. The measures taken, in 1923, for the collection of the opium tax led to rioting comparable to the American "Whiskey Rebellion" of 1796. The centralization of the purchase of government supplies aroused the hostility of

those who had profited from the loose practices formerly prevailing. Officials as well as civilians found it difficult to reconcile themselves to the substitution of the rule of law in financial matters for the system of arrangements and accommodations to which they had been accustomed.

At the end of the first year of the American Financial Mission in Persia, Reza Khan, the Minister of War, upon whose effective support the success of the Mission in collecting taxes had chiefly depended, assumed the Premiership. The enemies of the Mission immediately instituted a campaign to alienate the new Premier from the Administrator General. This campaign succeeded to the extent of magnifying petty differences which arose between the two men. During the spring of 1924 the popular agitation for the abolition of the monarchy and the election of Reza Khan as President drew attention away from the Financial Mission and its activities. As soon as that agitation had subsided "a veritable storm of criticism" broke. Dr. Millspaugh writes:

"In and out of the Majless (the National Assembly) we were charged with various high crimes and misdemeanors, namely: with maintaining an excessive budget for the Ministry of Finance; with receiving advances from the bank, contrary to the Constitution; with failing to reorganize the financial administration; with collecting taxes illegally and oppressively; with delays in the conduct of the correspondence of the ministry; with treating the disponibles (eligible persons unemployed) contrary to the Civil Service law; with irregularities in the purchase of supplies; with failing to adapt ourselves to the mentality of the Persian people; with disregard of the responsibility of the Minister of Finance; with maintaining an unnecessary number of interpreters and translators; with having too many high-salaried officials; with dismissing honest men and appointing dishonest ones; with lack of expert knowledge; and with general incompetence."

To the chorus of domestic criticism was added the voice of the Russian Legation, which declared, in its *Moscow Wireless*, that "the actions taken by the American advisers with respect to financial reforms in Persia" had been "without result" and that it had been stated in the Majless that it was "no longer necessary to incur losses from the American Mission, particularly in view of the incompetence of Dr. Millspaugh in financial matters." The "dissatisfaction" with Dr. Millspaugh, the Legation added, "is increasing, especially because of his political interferences."

The statement of the Russian Legation was immediately characterized by the Persian Minister of Finance as "abso-

lutely untrue." It was attributed by the editor of the Persian newspaper *Iran* to the action of Dr. Millspaugh in defending the rights of Persia against the claims of Russia with respect to certain fisheries. Nevertheless, the fate of the Financial Mission was undoubtedly in the balance, with the scale inclining sharply toward its dismissal, when Vice-Consul Robert W. Imbrie, in charge of the American Consulate, was murdered by members of a fanatical mob in the streets of Teheran.

The murder of Mr. Imbrie produced a crisis in the relations between Persia and the United States. The American Government demanded of the Persian Government, in addition to the punishment of the guilty persons, an indemnity for the Vice-Consul's widow and reimbursement of the cost of transporting his body on a warship to the United States. The prompt compliance of the Persian Government with the American demands restored Washington's good will toward Persia. A striking evidence of this was the proposal, made to the Persian Minister of Foreign Affairs in November, 1924, by the American Chargé d'Affaires, that the sum of more than \$100,000 due for the transportation of the Vice Consul's body be set aside as a trust fund for the education of Persian students in the United States.¹ The confidence of American and other foreign bankers and investors in the political stability of Persia, however, had been seriously shaken by the Imbrie incident. It may therefore be considered to have had an important bearing upon the decision of the Persian Government to retain the Financial Mission at least until the end of the minimum period fixed in the contract.

During the next few months the position of Dr. Millspaugh and the three other members of the Mission who were still in Persia was so far consolidated and improved that in March, 1925, Dr. Millspaugh was informed that the Persian Government would not exercise its option to terminate their contracts at the end of the three years but would desire their services for the full period of five years contemplated in the contracts. In May, 1925, the Majless, with little opposition, authorized the employment of twelve additional Americans, including an agricultural expert (to give advice in regard to advanced methods of farming). Shortly afterwards a bill was passed providing for the establishment of a government monopoly of sugar and tea in order to

¹ The proposal was accepted in behalf of Persia. The establishment of the trust fund awaits the action of Congress.

obtain revenues for the construction of railroads, and while Dr. Millspaugh was on his way to the United States to engage his additional financial experts, the Government decided to employ a competent American engineer to take charge of this project.

Returning to Persia with the newly engaged experts at the end of the summer of 1925, Dr. Millspaugh found the country on the verge of a political change of the highest importance to the members of the Financial Mission as well as to the Persian people. In October, 1925, the nominal ruler of the country, a young man who preferred the pleasures of Paris to the responsibilities of Teheran, was deposed by a resolution of the Majless "for the sake of the national welfare." At the same time the Kajar dynasty, which had brought Persia into contact with the Western world three-quarters of a century before, was stripped of its royal prerogatives, and the supreme power was entrusted provisionally to Reza Khan, the Prime Minister. At the beginning of 1926 Reza Khan, the strong man of Persia, became Shah Pahlevi, the founder of a new dynasty.

In Shah Pahlevi Dr. Millspaugh believed that he had a friend. He knew, however, that the Shah's first love was the Army, which had restored order and contributed an indispensable element to the success of the Financial Mission. It was obvious that if the Administrator General held the expenditures of the Army strictly within the amounts appropriated by law, it might appear to the Shah that the possession of this power by a foreigner was opposed to the national welfare.

The expected crisis came in the autumn of 1926. Although the amounts appropriated for military expenditures were believed to be adequate for the maintenance of the Army and for the preservation of order in so far as that required the use of military forces, the pay of the soldiers in some of the provinces had been allowed to fall as much as eight months in arrears. Officers of the military establishment, on the other hand, had apparently been growing wealthy on small salaries. The Army accounts had never been rendered to the Administrator General, as required by the terms of his contract. He had been informed, however, that these accounts showed a deficit of \$4,500,000. In this situation, mutinies of troops broke out in the provinces of Khorassan and Azerbaidjan. The Shah proceeded in person to Khorassan and, to meet the emergency, demanded from the Treasury \$300,000 in excess of the amount appropriated for the

Army. The demand was refused by order of the Administrator General, who pointed out that he had no authority to disregard the budgetary laws. The issue was thus sharply joined between the Administrator General, acting under the terms of his contract and of the laws, and the Shah, who could not fail to be enraged by the mention of laws and contracts at such a time.

The funds required for the suppression of the mutinies were borrowed by the Shah, on his personal credit, from a bank in Teheran. Measures were soon afterwards adopted for the reform of abuses by military officers. The Administrator General was invited to designate a Chief Accountant to the Army. Cordial feelings were again expressed by the Shah toward the American Mission. But beneath the surface, the Shah preserved the memory of the thwarting of his will by a foreigner in a national crisis.

In December, 1926, the Minister of Persia to the United States, in an interview with President Coolidge, took occasion to commend "the zeal and the efforts" of the American Financial Mission. The President, in turn, expressed gratification at "the success which has thus far attended the efforts of the American Mission in behalf of Persia" and added: "I hope that, with the continued support of His Majesty, the Shah, and of your Government, Dr. Millspaugh and his assistants will be able to render even greater services in the future."

The President's remarks were undoubtedly calculated to strengthen the position of Dr. Millspaugh in his relations with the Persian Government and with the Shah. It was realized in Washington that, notwithstanding the lack of any responsibility of the American Government for the success or failure of Dr. Millspaugh's undertaking, the prestige of the United States was inevitably involved in that undertaking.

The Administrator General's five-year contract was due to expire at the end of September, 1927. The three-year contracts of most of his assistants, having been made in 1925, had an additional year to run. At the time the three-year contracts were made, it had evidently been expected that Dr. Millspaugh's contract would be renewed upon its expiration. Neither party to that contract was, however, under any obligation to renew it.

When the question of the renewal of Dr. Millspaugh's contract came up for discussion in the Majless, in the spring of 1927, the friends of the Administrator General were able to point to a record of genuine achievement. During a period of less than five

years the national revenues, notwithstanding the abolition of numerous taxes, had increased from twenty to thirty million dollars. The control of all governmental expenditures, except those of the Ministry of War, had been established. The funded debt had been considerably reduced, salary and pension arrears had been paid, foreign and domestic pecuniary claims had been largely settled, and a deficit of \$4,000,000 had been transformed to a surplus of the same amount. Appropriations for agricultural development had been increased, telegraph lines extended, wireless stations erected, commercial air transport inaugurated (over three main routes), mail transport largely motorized, and a fund of over ten million dollars (increasing at the rate of six millions a year) established for railway construction. \$1,500,000 were being devoted annually to the construction and maintenance of highways. Measures had been adopted for the encouragement of domestic industry and the promotion of exports. Sanitation facilities had been improved. Finally, sufficient revenues had been allocated to public instruction to make possible within a few years the establishment of universal elementary education.

Impressed by this remarkable array of achievements, the majority of the Majless at first favored the renewal of Dr. Millspaugh's contract without essential change. So did the Prime Minister and a majority of the members of the Cabinet. The Shah, however, remembering the Administrator General's defiance of his orders on the occasion of the mutiny at Khorassan, regarded the powers of that official as too great. The reduction of those powers, he declared, was to him a matter of as much importance as had been the change of the dynasty. Support of the proposal also came from the Russian Legation, which resented Dr. Millspaugh's continuing opposition to the fisheries settlement discussed in 1924. The political issue was thus not wholly domestic.

The Cabinet was reorganized. A new Minister of Finance proposed a renewal of Dr. Millspaugh's contract with a change which would have made his decisions on financial matters subject to review by the Council of Ministers. In vain did the Administrator General point out that the effect of this would be to place the actual direction and responsibility of the financial administration exactly where they had been before the coming of the American Mission. In vain did the Minister of the United States urge upon the Shah, unofficially, the importance of avoid-

ing action which might retard the development of the country and the growth of its credit abroad. Believing that the powers which had been given him under the contract signed in August, 1922, were indispensable to success, Dr. Millspaugh rejected the revised contract, and availed himself of his privilege of leave of absence.

The post of Administrator General was assumed provisionally by the Prime Minister. The American assistants who had been engaged in 1925 thereupon demanded to be released from their contracts, on the ground that the office of the Administrator General, under whose instructions they were bound to act, had been in effect abolished. Their demand was rejected, and they were informed that they would be expected to remain in the service of the Persian Government until the expiration of the period stipulated in their contracts.

Information is not yet available as to the manner in which the finances of Persia have been conducted since the withdrawal of Dr. Millspaugh. One significant development, which occurred almost immediately after his withdrawal, was the settlement of the fisheries dispute in a manner satisfactory to the Russian Government and contrary to the previous advice of the Administrator General. It will be surprising if the influence of both domestic and foreign politics is not felt by the financial administration to some extent in the near future. The Shah has, however, given notice of his intention to watch over the financial administration with the same care that he has in the past exhibited with reference to the Army. There is no doubt that he is intensely desirous of the earliest possible construction of the railways for which provision was made during Dr. Millspaugh's stay in Persia. This construction, for which contracts have recently been made with American and German engineering firms, cannot be pushed ahead rapidly unless the revenues of the government are supplemented by considerable foreign loans, and such loans cannot be obtained in the absence of confidence in the orderly administration of the finances. There is therefore at this time a special occasion for the Shah to use his great strength in enforcing high standards of efficiency and integrity. If such standards are indeed enforced for the next few years, it is conceivable that they may become habitual and Persia may not again require the services of a foreign financial dictator.

FOREIGN RELATIONS OF THE CHINESE NATIONALIST GOVERNMENT

By C. C. Wu

THE foreign policy of the Nationalist Government of China, as enunciated by Dr. Sun Yat-Sen and set forth in the program of the Nationalist Party (the Kuomintang) is clear and definite. It may be summarized in a few words: "China seeks, not merely in name but in fact, the status of absolute independence and equality in the family of nations. She will regard as real friends only those Powers who treat her as an equal and respect her rights."

There is nothing very startling in this policy. It is substantially the same policy that every independent and sovereign state has adopted and is adopting in its relations with other states, and is a natural corollary of the accepted principles of international comity. For nearly a century China has been subjected to an inferior status, through unilateral treaties imposed upon her in defeat or in ignorance, and that makes her present struggle to be mistress in her own house seem to some people revolutionary or anti-foreign. The rights and interests of foreigners in China such, for example, as would be enjoyed by Americans in England, will be amply recognized and protected under the foreign policy of the Nationalist Government. Only interests which are in the nature of privileges and which have grown up under the régime of extraterritoriality since 1842 will be affected adversely. All these China avowedly intends to abolish as being incompatible with the full exercise of her sovereignty.

The unequal treaties are no longer suited to conditions in China. They are an obstacle in the path of her national progress. They complicate and endanger the friendly relations China endeavors to maintain with all foreign states. Their abrogation will benefit not only Chinese but even foreigners themselves, in spite of the hue and cry that will be made by a few "die hards."

In the first place, a new impetus will be given to the economic development of China, and in particular to her development with the aid of foreign coöperation. Nationalist China welcomes foreign investment and foreign enterprise in China. Dr. Sun is the author of a book, "The International Development of China," which, as its title indicates, advocates the development of the country's vast natural resources with the assistance of foreign capital and foreign expert knowledge. But if a foreigner, wherever he travels in China, is not amenable to the laws of the country, and, what is more, if the immunity which his person enjoys can spread like a mantle and cover his residence, his goods, and even things with which he comes into contact, then no one will be surprised if not much business is done. Thus, under the treaties, foreign enterprise has been restricted within specified small areas. While the foreigner enjoys great privileges, he is also subject to disabilities, although the latter affect less the foreigner in China, who has probably enough business to occupy him in the open ports, than the foreigner at home, who probably would like to have newer and larger markets for his products. When foreign privilege has been abolished there will be no longer any reason to limit the scope of the foreigner's enterprise, and international coöperation can be invited in opening up the whole of China.

Secondly, the readjustment of treaty relations will provide better protection

for foreigners. At present foreign rights and privileges depend upon treaty safeguards and in spite of the fact that they are very often from their very nature unenforceable, frequent appeals are made to foreign governments to endeavor to secure their enforcement. If no attempt is made to enforce them, foreign "prestige" is lowered. If an attempt is made to enforce them, ill-feeling is created. This dilemma has been recognized, though somewhat tardily, by some of the Powers, and their spokesmen have declared that they will not insist upon a literal interpretation of treaty rights. The failure of the gunboat policy is gradually being realized. And even where there are big guns, they cannot compel the Chinese to buy the foreigners' goods. The economic weapon is one to which industrial nations are particularly vulnerable. It would be far better for the antiquated and unenforceable treaties to be scrapped altogether in favor of suitable new ones. Then foreigners would possess rights and interests which had been accorded to them freely and willingly by the Chinese; they would be more adequately protected in these rights and interests by China's honor and China's goodwill than by any number of battalions and gunboats.

A third consideration is that the present treaty system, bound up as it is with ill-will, jealousy and intrigue between nations, is a constant menace to the peace of the Far East. On one side are the Powers, anxious to maintain their privileges and interests, desirous whenever occasion offers to extend them, and at the same time jealous one of the other. On the other hand stands awakened China, impatient to shake off the shackles of the past and eager to regain her freedom. Such a situation is fraught with great dangers. The recent events in Shantung and the clash between the Nationalist and Japanese troops show that the dangers are not exaggerated. With the abrogation of the system a disturbing factor to the peace of the Far East and of the world will be removed.

A few lines should be devoted to Nationalist relations with Russia and Japan, China's two closest neighbors. Relations with Russia have been broken off due to the fact that Russia engaged in a program of interference in China's domestic concerns. When Soviet Russia voluntarily relinquished treaty rights secured under the Tsarist régime and demonstrated her sympathy for the Nationalist cause, there arose naturally a bond of friendship between Nationalist China and Soviet Russia. Later, however, it was discovered that the Communists, directed from Moscow, were engaged in propaganda incompatible with the principles of the Kuomintang. This caused an expulsion of those Communists who had gained admission to the Kuomintang. Last December in the city of Canton there was an uprising of a small group of Communists who, taking advantage of the absence of the garrison, gained control of the city for three days, during which much suffering was caused to the population. Evidence was found which implicated the Russian Consulate in Canton. On account of this, Russian Consulates in Nationalist territory were closed and the activities of Russian state enterprises were restricted. But there is no reason why the rupture of relations need be indefinitely continued. So soon as Soviet Russia gives evidence that she will not meddle in the internal affairs of China, the Nationalist Government is ready to resume relations with its closest neighbor.

China's relations with Japan are at present of interest to the whole world. After the notorious Twenty-One Demands of 1915 and the award of Shantung to Japan, relations between the two countries were strained. Since 1922, how-

ever, as a result of the withdrawal of Japanese troops from Shantung after the agreement reached at Washington, matters improved. Furthermore, the Japanese Government of the day followed a policy of conciliation *vis-à-vis* China, and this was duly appreciated by the Chinese people.

In April, 1927, however, the Cabinet fell and Baron Tanaka, leader of the military group which favored the Twenty-One Demands of 1915, came into power as Prime Minister and Minister of Foreign Affairs. His assumption of office was marked by the announcement of the abandonment of his predecessor's policy and the inauguration of a "positive policy" toward China. Shortly afterwards, when the Nationalist forces marching on Peking entered the province of Shantung, he dispatched troops to Tsinan, its capital, on the excuse of protecting Japanese residents there. It was the official duty of the writer, as Minister of Foreign Affairs of the Nationalist Government, to protest against this infringement of China's sovereignty and to state that should any untoward consequences arise from this illegal and provocative act, the Japanese Government must shoulder the responsibility. The Japanese troops were later withdrawn without any serious incident.

This year, when Nationalist forces again approached Shantung in their effort to gain control of Peking and unite the country, the Japanese Government repeated its maneuver, and a similar protest was addressed to the Japanese Government. The very event for which warning was given last year took place. The Tsinan clash between Nationalist and Japanese troops is too recent to need narration. Regardless, for the moment, of the controversial questions of the immediate responsibility for the incident, for "war guilt" and "war atrocities," the fact remains that the Japanese and Chinese soldiers clashed on Chinese territory. If we were to admit the right of any Power to send troops to protect its nationals anywhere they may happen to be in China, then China would soon be overrun by alien armies and the independence and territorial sovereignty of China would become a mere farce. If Japan, on the plea of protecting a thousand or so nationals (mostly small shopkeepers who if apprehensive of danger can easily be evacuated) residing 260 miles inland, can send two to three thousand troops there regardless of China's rights, what is there to prevent another Power from sending twenty thousand troops a thousand miles into the interior to "afford protection" to half a dozen of its nationals?

But the crux of Sino-Japanese relations is to be found in Japan's pretensions in Manchuria. Japan has economic interests in Manchuria. She has need of Manchuria's resources and raw materials. But from that it is a far cry to a virtual assumption of a protectorate over the three provinces. The recent announcement that Chinese troops, whether northern or southern, are not to be admitted to Manchuria, coupled with the fact that Japanese troops are being dispatched there in increasing numbers — all this, be it remembered, in admittedly Chinese territory — is, to say the least, startling.

If Shantung and Manchuria are not to become the Alsace-Lorraine of Asia, a solution of the problem must be found. If relations between China and Japan are not adjusted to their mutual satisfaction, the peace of the world is not secure. If Japan's problem is economic, the solution should be economic, without importing into it political considerations. May not future statesmanship find an answer to these vexed questions along economic lines?

REPARATIONS, DEBTS, AND THE FUTURE

By Herbert B. Elliston

COMING so soon after widespread newspaper prophecies, the speeches of M. Poincaré and M. Briand and the travels of Mr. S. Parker Gilbert denote the preoccupation of European officials with the question of another war debt rearrangement. Speaking on this subject in the French Chamber on February 2, Aristide Briand said, "I do not believe — and I have a right to say so — that the year 1928 will end without great questions being settled." Neither M. Briand nor any other statesman has specified what these questions are; but the newspapers mention three, the settlement of which would lead to the "all-round solution of debts and reparations" referred to by the French Foreign Minister.

The first is the fixation of the capital reparation claim against Germany. Bound by their terms of reference, the Dawes Committee were prohibited from determining this figure, being unable to propound more than an expedient providing "a settlement extending in its application for a sufficient time to restore confidence." The scheme was a schedule of annuities disassociated from any amortization scheme. Has the confidence foreseen by the Report been restored? It is the verdict of Europe, through the League of Nations, that it has; even France, hitherto regarded as intransigent toward Germany, has not only welcomed Germany into the counsels of the League, but has also pursued a policy which has already knit together the economies of the two nations. This represents confidence in Germany only in the general sense; but, as the Agent General for Reparation Payments points out in his December 1927 report, it is "one of the principal factors to be relied upon in bringing about a mutually satisfactory settlement when the time for that arrives." In its specific application to German payments of reparations, confidence has not yet been reached, inasmuch as, according to the Agent General, "We are still in the testing period, and further experience is needed before it will be possible to form the necessary judgments." But the Agent General goes on to say that the reparation problem cannot be finally solved until Germany has been given a definite task to perform on her own responsibility, without the foreign supervision and transfer protection provided for by the Dawes Committee. A solution on these lines would be the fulfillment of their work.

Expert opinion seems on the whole to have endorsed the tacit manner in which General Dawes and his colleagues shelved the 1921 definition by the Reparation Commission of Germany's debt at 132,000,000,000 marks. No longer is it felt that Germany is a miraculous pitcher. The tendency is toward a business-like rearrangement in accordance with the philosophy of the Plan. Germany will enter the standard year scheduled by the Report this coming September, when her obligation becomes 2,500,000,000 marks — say, \$600,000,000 — annually. Capitalized at 6 percent (5 for interest and 1 for amortization) this would aggregate 42,000,000,000 marks, say, \$10,000,000,000.

It is with some such figure as this that many of the prognosticators are engaged; others anticipate a trimming down to \$7,500,000,000, or even less.

The debt total having been fixed, a second step would be necessary, in the minds of those who are most active in making the new proposals: the sale on world markets of the 16,000,000,000 marks of German railroad and industrial securities which have been pledged under the Dawes Plan, as the first move in the commercialization of the total liability. The proceeds would be paid into the treasuries of the creditor nations as partial liquidation of the German obligation. Of the \$600,000,000 standard annuity, the railways contribute \$158,000,000; industries, \$72,000,000; transport tax, \$70,000,000; and the budget \$300,000,000. These amounts may be regarded as interest payments on mythical sums with the exception of the railroad and industrial bonds, which were materialized at 11,000,000,000 and 5,000,000,000 marks respectively, or \$4,000,000,000 altogether. Such was the avoidance of arithmetical definition in the Report that it cannot even be gathered whether the liquidation of the railway and industrial first mortgages by issuance of bonds in world markets would be considered as extinguishing any capital reparation obligation of the German Government. In any fixation of the debt on the lines of the present discussions, the flotation of the bonds should constitute about 40 percent of total reparation, and it would therefore be an important move in its absorption in the mechanism of international finance.

The amounts involved are huge. Could the markets of the world absorb them? Would the railway and industrial bonds be a good credit risk? The plethora of funds that has poured into Germany since the Dawes Plan, despite the buffetings of the controversialists over the question of priority,¹ shows a high degree of investing faith. This faith is partly a testimonial to German discipline and recovery, but in the main it has been fostered by the general desire to promote world recovery, and, as the bankers are reputed to be in accord with, if not sponsors of, the plans for the new bond flotations, it would seem that financial operations even of the magnitude proposed would be carried out in the same spirit of coöperation as manifested itself in the united issue of the external loan of 1924.

It is coming to be realized that the German economy has obtained a lead over its competitors by its relative liberation from internal debt consequent upon currency revalorization. In a debt-encumbered Europe, this advantage is important. Not only were the German industries and railways enabled to start anew by paying their debts in a practically worthless currency; they sank the fruits of enterprise in plant. When the bottom appeared to be falling out of the mark, currency was partly frightened abroad and partly frozen into fixed assets. These latter have provided Germany with the foundation of rationalization.

The railways showed receipts of five billion marks in 1927; on the other side of the account, expenses are on such a mounting scale that they foreshadow increased tariffs to accommodate them. These additional expenses were not foreseen by the Dawes Committee, but neither was the phenomenal advance in German economy. The railways, for example, revealed in 1927 a 10 percent growth in earnings over the total for 1926. Quoting German statistics, the

¹ See Roland W. Boyden's "The Priority Question," in *FOREIGN AFFAIRS*, April 1928, p. 368.

Trustee for the German Industrial Debentures under the Dawes Plan is an eloquent witness to the new-found economic vitality of Germany. Later statistics yield ample corroboration. In 1928 the export trade has not only exceeded the pre-war average value; it has almost reached the pre-war average value as increased by the wholesale price index, and reports indicate that if the figures for the first quarter of 1928 are maintained, the export volume of the whole year will be as great as before the war. "It is practically certain," says the *New York Journal of Commerce*, "that the export of manufactured wares will touch a new record high level, and that German competition will be everywhere increasingly felt." This promises excellent results for the German railways.

This is a comforting background for the mooted plan to float the bonds secured on German railroads and industrial undertakings. They would be as good a credit risk as there is in Germany. Many other factors, however, have to be taken into consideration before the step may be put through; and the major factor is the question whether the time is ripe to relieve the interest service of the railroad and industrial bonds from the transfer restriction of the Dawes Plan. Here we enter the region of politics. Public opinion, relieved from lingering war psychosis, is increasingly concerned with the abolition of reparation as an affair between sovereign governments involving servitudes. A definition of capital reparation obligation would be accompanied by the withdrawal of the trusteeship imposed on Germany through the various Dawes controllers. The mobilization of the railroad and industrial bonds might even be merged in the commercialization of the total German liability. This of course would not be done at once; protracted and careful study, combined with the fullest measure of coöperation by the bankers of the world, would be necessary in marketing the securities systematically.

Germany is undoubtedly restive under what the *New York World* has called an international receivership, but neither the Agent General's reports nor the facts of contemporary history justify the deduction that the Germans will try to torpedo the Dawes Plan. That way spells ruin for their credit, with an appeal to the sanctions of the Treaty of Versailles; a risk too catastrophic in its consequences to invite save during revolution. However, her statesmen are continually demanding that the "iron curtain" of the Rhineland be lifted, and this would undoubtedly be correlated with German acquiescence in the revision of reparations.

Who, then, will initiate discussions? Britain is even more passive than Germany; for the British policy is anchored to the Balfour Note, which undertakes not to collect more from her debtors (reparations included) than she has to pay in American war debt remittances. Provided that the Dawes schedule be adhered to, Great Britain in 1930 should obtain £33,000,000 a year from debts and reparations and will have to pay £38,000,000 a year to the United States. Italy has struck an even balance between her receipts and her payments. Her share of the Dawes annuities flows into a pool and is drained off in her payments to her creditors, leaving her no surplus for her treasury until 1950. She would be concerned if by the revision of the Dawes Plan she had to feed her war debt pool out of her Treasury surplus. France, in Poincaré's words, "would accept a combination which by marketing German bonds under the Dawes Plan will enable the Allies and Germany to pay their debts more quickly."

Her share of reparations is $54\frac{1}{2}$ percent but though her debt and reparations account leaves her with a handsome net receipt she is still lagging behind adequate compensation for the expenses incurred in repairing devastation.

France has now shaken off her former attitude that French reconstruction must be paid for out of German reparations. She has recovered confidence in her own ability to accomplish this great work. But her non-ratification of the debt settlements with Great Britain and the United States proves that she has not reconciled herself to any substantial reduction of reparations apart from a concurrent review of inter-governmental indebtedness. This brings in Washington. So far there has been no indication of any retreat by the Treasury Department from its stand concerning the lack of relation between debts and reparations and the inviolability of the settlements.

The simple facts are that 60 percent of German reparations are re-transmitted as through a conduit pipe by way of war debt remittances to Washington. The percentage will be reduced when Germany begins her payment of the standard annuity of \$600,000,000. But before this is apportioned among the creditors it is subject to certain deductions, principally the service of the German external loan of 1924 and the costs of the various controls, which would diminish the total to, roughly, \$575,000,000. Then there are certain creditors who have no score to settle with Washington. Let us say that the base would be about \$560,000,000. Against this sum should be set about \$235,000,000, representing the American share of the Dawes annuity and the average yearly remittances to America by the beneficiaries of the Dawes Plan in the first quinquennium. This would amount to about 40 percent of reparations. In view of the fact that war debt payments to the United States rise on an ascending scale, while the standard Dawes annuity remains unchanged, the percentage of reparations indirectly reaching Washington would advance correspondingly, and it would advance steeply if the Dawes Plan schedule were trimmed according to the new proposals without any parallel trimming of the war debts.

The new scheme would acknowledge this existing but implicit link between debts and reparations by treating them as a body of indebtedness capable of mutual accommodation. It would short-circuit the present indirect route of half of German reparations to Washington by commercializing reparations and remitting part of the proceeds to Washington *via* the Allied treasuries in discharge of the indebtedness to the United States. Five percent bonds would be sold on world markets, say at 80, yielding over \$3,000,000,000. At 5 percent America's major war debts have a present value of about two billion dollars more than that sum, but, in view of the prospective price of the bonds, the creditors of Germany hope that the United States would be persuaded similarly to discount her claims in return for the business-like appeal of securing an all-round liquidation of war indebtedness. This is the reasoning of the far-seeing merchant. The *amour propre* of nations committed and recommitted to certain debt policies would be preserved. Commercialization instead of inter-governmental tinkering might well lift the whole affair out of its present groove.

RELIGION AND POLITICS IN ARABIA

By Alois Musil

ARABIA, with its broad steppes and deserts and its scattered oasis settlements, is under normal conditions a lawless land. Here tribe has fought with tribe, nomad has plundered villager, since before the dawn of recorded history. Occasionally, however, a preëminent leader has succeeded for a while in establishing at least an outer semblance of political unity and social order. Such a leader is Abdalaziz ibn Saud. Twenty-eight years ago he was an exile from his own country in Al Kuwait, but he has since succeeded in establishing an "empire" that comprises nearly the entire peninsula. Only a man of altogether extraordinary ability could have accomplished this. Will he be able to preserve his empire against disintegration?

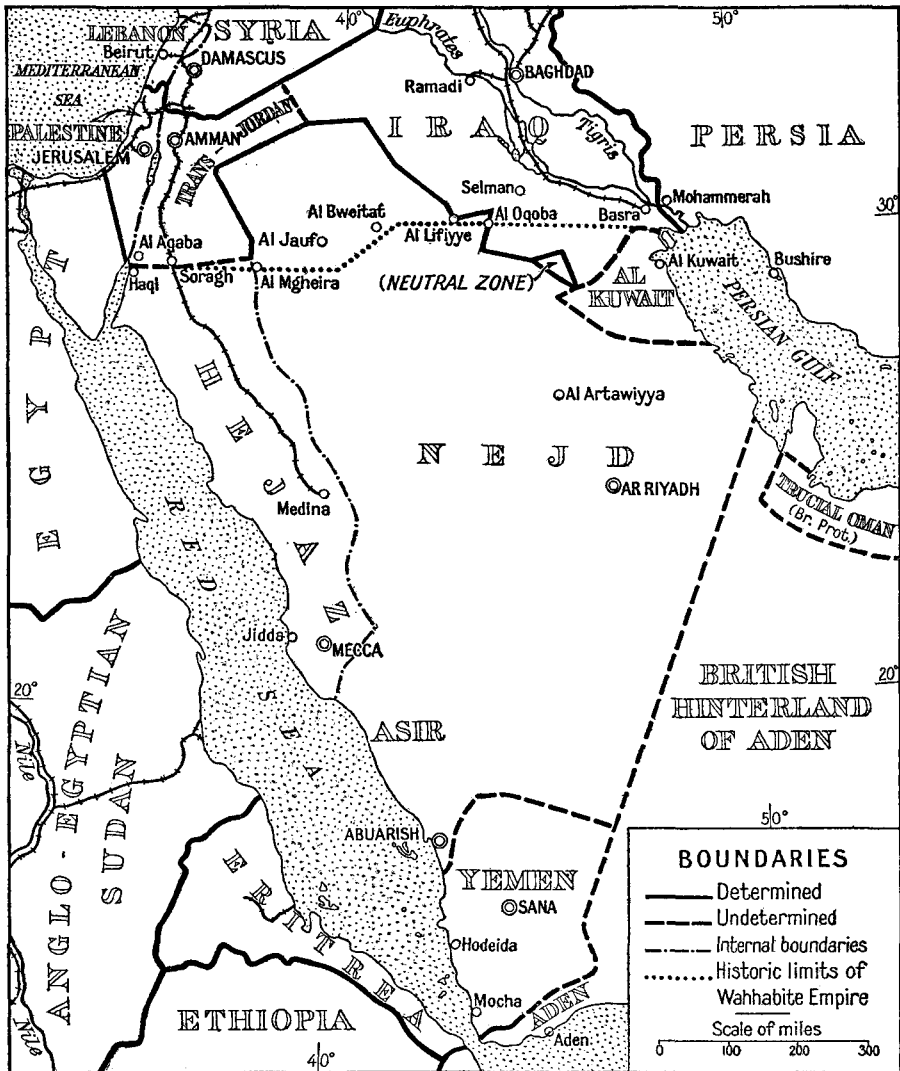
The empire of Ibn Saud has been created for him by religious missionaries, the Ekhwan, who have forged it by propaganda and the sword. Indeed the bond that holds together the heterogeneous elements of his empire is entirely religious. Furthermore, the Ekhwan have felt under compulsion to propagate their faith beyond the borders of Arabia proper. The supreme master of these fanatical missionaries is Feisal ibn Dawish, whom Ibn Saud cannot afford to oppose. Feisal's agents have attacked the territories of the British and their allies in the vicinity of Al Kuwait on the Persian Gulf as well as near Al Aqaba at the head of the Red Sea. They have raided Transjordan and French Syria and even the settled regions of Iraq. Ibn Saud now finds himself in a position in which he is unable either to stop further progress of the Ekhwan or to abide by the pledges that he has made to the British.

As late as May 20, 1927, Ibn Saud, spiritual and temporal head of the Wahhabites, signed a treaty with Great Britain, in which the latter recognized him as independent king of the Hejaz and of Nejd and its Dependencies. Recent rumors from the Orient have announced that he has proclaimed a Holy War against the British and is marching with his warriors into the British mandated territories of Transjordan and Iraq. Are these alarming rumors true? If so, what has brought about the break between Ibn Saud and the British? If they are not true, what is the real situation in Arabia?

II

The house of Ibn Saud has ruled in Nejd — the interior of Arabia — since 1747, when Mohammed ibn Saud pledged himself to protect the rising sect of the Wahhabites. Mohammed ibn Abdalwahhab (1703-1791), founder of this sect, tried to revive primitive Islam and to abolish all later innovations — such as the religious orders, the communion of the saints, the veneration of shrines, and luxurious living. Being persecuted, he found protection with Mohammed ibn Saud, whom he proclaimed Imam, or spiritual and temporal leader of his followers. The latter called themselves Mwahhedin, worshippers of the "only" God. Their foes, however, gave them the nickname Wahhabiyyin or Wahhabites, adherents of Ibn Abdalwahhab. The doctrine of the Wahhabites represents the ancient religious belief of the nomads, especially that of the camel breeders. With their support Ibn Saud, who by blood belongs to the

powerful group of Aneze tribes, succeeded in introducing their puritanical religion into the oases and settlements and in founding an empire which at the beginning of the last century extended over almost the whole of Arabia and included the two holy cities of the orthodox Islam, Mecca and Medina.



Upon the insistence of the orthodox Moslem community, the Caliph, who was at the same time Sultan of Constantinople, induced Mehmed Ali, governor of Egypt, to expel the Wahhabites from the Hejaz, to destroy their capital, and to eliminate their doctrine. Mehmed Ali succeeded in the two former tasks but was unable to eradicate a doctrine that had its roots in the very nature of the desert. After 1840, when the Turko-Egyptian army evacuated Arabia, the

Wahhabites again gathered together and their Imam, Feisal ibn Saud, partially restored the realm of his forefathers, establishing his new capital in the oasis of Ar Riyadh.

The dignity of the Wahhabite Imam is hereditary among the kindred of Ibn Saud, yet neither the first born son of an Imam nor the oldest among his kindred is necessarily recognized as Imam. For this position that kinsman is selected who shows the greatest capacity. In case there is no preëminent leader the kinsfolk split up into hostile groups. This happened after the death of Feisal ibn Saud in 1865. He left four sons: Abdallah, Mohammed, Saud, and Abdarrahan, the first and third of whom soon engaged in a civil war for the supreme office of Imam. This situation was made the most of by the Turks, who immediately seized the coastal zone of the Persian Gulf for a distance of about 270 miles, and by Mohammed ibn Rashid, ruler of Hayel in northern Nejd, who, with Turkish help, extended his supremacy over the domains of his former overlord, Ibn Saud, and appointed (1892) Feisal's son, Mohammed, prince at Ar Riyadh. Meantime Mohammed's two brothers who had brought about the decline of their father's house — Abdullah and Saud — had died, and the youngest brother, Abarrahan, fled from the interior of Arabia and found shelter with the lord of Al Kuwait. It seemed as if Ibn Rashid and his supporters, the Turks, would succeed in putting an end to the house of Ibn Saud and in suppressing the Wahhabite doctrine.

At the close of the nineteenth century the eyes of the political world began to turn towards Arabia. The effects of pan-Islamic propaganda were being felt not merely in the holy cities of Mecca and Medina, but in other oases and settlements. In order to strengthen this movement the Caliph, or Sultan, ordered the establishment of a telegraph line and that a survey be made for a railway from Damascus to Mecca. The Germans chose Al Kuwait as the eastern terminus of their Baghdad Railroad and as their principal port on the Persian Gulf, insisting that the Turks should aid them by consolidating Ottoman power and influence along the Arabian coast of the Persian Gulf as well as in the interior. These endeavors seemed to be contrary to British interests, and the British political officers on the Persian Gulf undertook to check the Turko-German influence by supporting its adversaries. Among the latter was Abdalaziz ibn Saud, first-born son of the exiled Abdarrahan, who was then living in Al Kuwait. Abdalaziz ibn Saud, a clever and far-seeing man, longed for the reëstablishment of his forefathers' empire and sought supporters and helpers everywhere. By procuring various advantages for the caravans of his fellow countrymen, who preferred the harbor of Al Kuwait to those in the Turkish administrative district of Nejd, he gained many grateful friends. The economic situation in the interior of Arabia, meanwhile, was steadily growing worse and worse, and, furthermore, the weakness of the successor of Mohammed ibn Rashid encouraged opposition among his own kinsfolk. All this led inevitably to civil strife and to a general loosening of the bonds of order and peace throughout the wide territory of Ibn Rashid. The Wahhabites tried to regain their former preponderance and looked for leadership to their exiled Imam, Abdarrahan, and to his energetic son, Abdalaziz ibn Saud, commonly known briefly as Ibn Saud. The British took the opportunity to secure the fidelity of both and provided Ibn Saud with means necessary for his goal.

About Christmas, 1901, Ibn Saud with a small but well equipped troop left Al Kuwait and early in January, 1902, reached the vicinity of Ar Riyadh, the capital of his forefathers' empire. Supported by pre-warned friends and adherents within the oasis, he annihilated the garrison of Ibn Rashid, occupied Ar Riyadh, and called the Wahhabites to a Holy War against all who opposed their Imam, his father Abdarrahan. This call was answered enthusiastically by the Wahhabites, and with their aid the lost dominions were progressively recovered.

From the civil wars and from the Turkish oppression which had ensued the Wahhabites had gained a firm conviction that they must set their religious goal before the secular interests of their Imam. They were firmly convinced that it was their duty to concentrate every effort upon propagating the true faith among the neighboring unbelievers, or orthodox Moslems, and to fight against all foreign influences in Arabia. The arch-enemies of the Wahhabite creed were — according to them — the Grand Sherifs of Mecca, but the Turks and British, as foreigners who were endeavoring to dominate Arabian affairs, were hardly less abhorrent to them. All these enemies must be resisted with word and sword. The Wahhabite felt under a moral obligation to expound his doctrine to his Arabic neighbors. These new Wahhabites must then be protected against those who persevered in their hostility to the true belief, and the obstinate must be compelled to accept the genuine Islam.

Those Wahhabites who were ready to devote themselves to these ends formed a Brotherhood, the Brethren, or Ekhwan, pledging themselves to propagate their faith and to defend their country. Beginning their activity in the north-eastern corner of Ibn Saud's realm, in the years from 1908 to 1912 they built their first center in Al Artawiyya. This watering place had been regularly visited by nearly all the bands of raiders coming from Iraq or Jebel Shammar to loot the Wahhabites. As it is located within the territory of the powerful Mteir tribe, the head chief of this tribe, Feisal ibn Dawish, became leader of the Ekhwan and head of Al Artawiyya. Similar cantonments were erected along all the boundaries of Ibn Saud's empire and in all the oases where the inhabitants failed to demonstrate their allegiance to the Imam. Peaceful missionaries spread the doctrine, and the warlike Brethren protected them and their new disciples, widening the influence of their spiritual and temporal head, Ibn Saud.

Feisal ibn Dawish, who from chief of the Mteir tribe became supreme master of all the Ekhwan in Arabia, received from the Imam the honorific title "Sharp Sword of Ibn Saud" and was the real promoter of an unparalleled advance of the Wahhabite creed and of Ibn Saud's power. It was Feisal ibn Dawish and his Ekhwan who in 1913 expelled the Turks from the administrative district of Nejd and opened to Ibn Saud access to the ports of the Persian Gulf. Seven years later, in 1920, Feisal and his Ekhwan helped Ibn Saud occupy the fertile eastern part of Asir and later (October 21, 1926) induced Hasan Al Idrisi, lord of the western Asir, to acknowledge Ibn Saud's Protectorate and to deliver to him the Red Sea harbors. Feisal with his Ekhwan was instrumental in finally subduing (1921) the state of Ibn Rashid and in extending Ibn Saud's influence to the borders of Palestine, Transjordan, and Syria. After due preparation of the natives by the Ekhwan missionaries, Feisal constructed several Ekhwan cantonments in the eastern part of the Hejaz and on January 8, 1926, at Mecca, Ibn Saud was proclaimed King of the Hejaz.

This event marked the culmination of the religious propaganda of the Ekhwan. In Arabia only the Hadhramaut coast and Yemen lay without the Wahhabite sphere. Feisal would have attacked these regions also if access to them had not been barred by the horrible Ruba al Khali desert. Although the north-western part of Yemen bordering on Wahhabite Asir is permeated by Ekhwan missionaries, their influence is hardly sufficient to assure success in a campaign against this region. Quite the opposite is the case in the northeast and northwest of Arabia. There the Ekhwan have thousands of adherents among the tribes of Al Kuwait, Iraq, and Transjordan, and the cantonments of the Brethren are well equipped. Feisal and his Ekhwan yearn to add these territories to the empire of their Imam. The Imam himself, however, has tried until recently to hold back the zealots and to prevent the further spread of the true belief.

III

Must Feisal with the Ekhwan obey the commands of the spiritual and temporal head of the Wahhabite community or the dictates of the Wahhabite doctrine? What are the reasons which have led to disagreement between Ibn Saud and his "Sharp Sword"?

Transjordan and Iraq form British mandated territories and British armored cars and airplanes protect their boundaries, boundaries which Ibn Saud was compelled to accept in order not to lose the moral and material support of the British. Without this support neither he nor Feisal could possibly have achieved the conquests of which they are justly proud. The British supplied Ibn Saud with arms, ammunition, clothing, and gold, and he in turn equipped Feisal and the Ekhwan. British arms were used against the unfortunate King Husein (one of the founders of the League of Nations), and British arms are, perhaps, to be turned against the inhabitants of the British mandated territories. According to the terms of agreement of Al Ajer and Hadda, however, it is manifestly the duty of King Ibn Saud to prevent an attack on these territories, since he has pledged himself to respect the boundaries and to restrain his subjects from violating them. These boundaries, however, agree neither with the physiographic features nor with the territories of the individual tribes. For instance, the Sirhan depression, northwest of Al Jauf, is divided between Nejd and Transjordan, and the territory of the Rwala tribe lies partly in Nejd, partly in Transjordan, and partly in Syria. There are many Wahhabite clans of Transjordan, Iraq, and Al Kuwait who long to be united with the Wahhabite community of Arabia and to pay the *zaka* taxes to Ibn Saud. The latter finds it difficult to refuse the allegiance of these foreign Wahhabites and to forbid the Ekhwan from protecting their oppressed brethren beyond the frontiers. The Mteir (to whom Feisal ibn Dawish belongs) and other neighboring tribes formerly traded in Al Kuwait, but in 1920 a fortification wall was built around this harbor and heavy duties were imposed on commerce passing through it. The tribes demand that the duties be abolished and that Al Kuwait be incorporated in the Wahhabite empire. Their demands are supported both by the numerous Wahhabites of Al Kuwait and by Ibn Saud himself, who asserts that Al Kuwait once belonged to the realm of his forefathers. Nevertheless, he has pledged himself — under British compulsion, it is true

— to acknowledge the boundaries of this state, which in reality is a British colony.

The difficulties of Ibn Saud caused by the Ekhwan are increased by the resistance of the inhabitants of Mecca, Medina, and Jidda. In 1925 Ibn Saud, promising to accord to the Hejaz complete autonomy under the guidance of representatives of the Islamic world, invited the various Islamic peoples to send representatives to a Moslem Congress. This Congress was held in 1926, but the representatives were not allowed to interfere in the administration of the Hejaz and though they decided to meet again the following year at Mecca, King Ibn Saud did not invite them a second time. This caused him the loss of many friends in the Islamic world, especially in India, and strengthened the propaganda of the exiled King Husein and of his sons, Abdallah, Emir of Transjordan, and Feisal, King of Iraq. The inhabitants of the holy cities despise their Wahhabite overlords as barbarians and heretics, and the Wahhabites, especially the Ekhwan, charge their Imam, Ibn Saud, with great leniency toward the unbelievers in Mecca and Medina and toward the foreigners, especially the British in Jidda. In order to forestall the threatened revolts in 1927 King Ibn Saud was obliged to imprison or to exile many of his former adherents, an action which only served to make his other opponents the more cautious and persevering.

Among his own kindred he has many open and secret foes. The descendants of his uncle Saud are plainly against him, and about a year ago there came news from Nejd that the King had been attacked by his own brother, Mohammed. Neither of the King's sons equals him in ability, and his kinsfolk are looking for another to replace him and save his house from a new and probably final decline.

IV

The present situation of Arabia is altogether different from that of a century ago, when the Turko-Egyptians were trying to destroy the house of Ibn Saud and eradicate the Wahhabite doctrine. Then Arabia was bordered by the feeble Ottoman Empire. Today it is enclosed by the mighty power of Great Britain. The harbors of the Red Sea and the Persian Gulf can be closed by British navy, and British soldiers in Transjordan and Iraq can prevent any caravan from proceeding into the tilled countries. British trucks and airplanes can carry British weapons far into the desert and punish any violation of British interests. British arms, however, can never force any reconciliation between the clashing interests of Ibn Saud, of his Hejaz subjects, and of the Ekhwan under Feisal ibn Dawish.

Ibn Saud's empire is based neither on blood relationship nor on nationality. Its clans and tribes are of varied descent and know nothing of the concepts of territorial patriotism or nationality. The interests of the settlers are very different from those of the nomads. The former despise the latter as barbarians, yet fear them and are dominated by them. The only unifying bond is the religion of the Wahhabites. This creed is well adapted to the mentality and spiritual outlook of the nomads, but runs counter to the customs of the settlers.

According to the belief of the Wahhabites the preservation and promotion of their creed should be the ultimate purpose of their Imam. The Ekhwan are his apostles and the pillars of his empire, and their supreme master, Feisal ibn

Dawish, has a deeper and wider influence than the Imam himself. Yet within Ibn Saud's empire there are two other states based on very different religious beliefs: the Hejaz state founded on the orthodox Islam and the Idrisi state in the Asir erected on the rather heretical teachings of Ahmed Al Idrisi. It was comparatively easy for the Ekhwan to impose their belief on the Idrisites, yet it is hardly possible to do the same in the Hejaz without stirring the ire of the orthodox Moslem world.

The propagation of the Wahhabite creed beyond the boundaries of Ibn Saud's empire, though requested by many of the inhabitants of those countries as well as by the Ekhwan, and though it would be welcomed by the Imam himself, is barred by the British. Thus foreigners and unbelievers appear to the Wahhabites as enemies of their creed and all who deal with them are looked upon with suspicion. Since the Imam himself is obliged to deal with foreigners and to yield to their demands, he himself comes under disapproval. The issue, however, must be fought out between the Imam and his Ekhwan alone. Any foreign interference would render his situation more difficult and would hasten the dismemberment of his empire.

A solution of the problem from the British point of view might be found were Great Britain to avail herself of the present trouble by disregarding the Ajer agreement of December 2, 1922, as well as the Hadda agreement of November 2, 1925, which established the present fictitious boundaries of Iraq and Transjordan, and by confining Ibn Saud's empire to its physiographic and historic limits. These limits should begin on the Red Sea at Haql, about twenty miles south of Al Aqaba, and thence run east along the southern base of the Shera mountain range and the northern confines of the Nefud and outlying sand tracts as far as the ancient station of Al Oqoba on the Pilgrim Road. Beyond this the boundary should run in a generally easterly direction as far as the Persian Gulf. Such a frontier would have a direct relation not only to the physiography but also to the history of the regions traversed, since it would coincide approximately with the northern edge of the Biblical Hawila as well as with that of the classical Arabia Felix and of the Nejd. In the watering places and oases of Soragh, Al Mgheira, Al Jauf, Al Bweitat, Al Lifiyye, Selman, and Al Buseyya garrisons might be stationed and equipped with radios and riding camels. Aided by airplanes, these garrisons could easily check all raids of the Wahhabites across these boundaries and secure life and property of both settlers and nomads living in the classical Arabia Petraea, Arabia Deserta, and Babylonia. Al Kuwait ought to be left within the territory of Ibn Saud since it is essential for the sustenance of the neighboring tribes. As this new boundary would coincide approximately with the limits of territory occupied by the great Bedouin tribes, the present frequent complaints of the dismemberment of these tribes and of the consequent violation of territorial rights would, perhaps, be partially silenced.

In the history of Arabia many "empires" have been brought together by religious leaders, but not one of these "empires" has survived the religious movement that gave it birth. In every case a religious struggle has been essential to preserve any measure of unity in a state made up of so many heterogeneous elements. The coming of peace and quiet has always marked the beginning of dissolution.

SOME RECENT BOOKS ON INTERNATIONAL RELATIONS

By William L. Langer

General International Relations

SURVEY OF INTERNATIONAL AFFAIRS, 1925. By C. A. MACARTNEY and others. **CHRONOLOGY OF INTERNATIONAL EVENTS AND TREATIES, 1920-1925.** By V. M. BOULTER. New York: Oxford University Press, 1928, 486 pp.

These two volumes form the second part of this well-known survey, for the year 1925; the first part, published several months ago, was devoted to developments in Islamic parts of the world. The treatment here given to the Locarno negotiations and to the disarmament discussions is lucid and complete, while the anonymous chapter on Far Eastern affairs is exceptionally good. The activities of the League are dealt with in the usual exhaustive fashion. The supplementary volume of chronology is a useful contribution to the working material available for students of international relations.

A POLITICAL HANDBOOK OF THE WORLD. EDITED BY MALCOLM W. DAVIS and WALTER H. MALLORY. Cambridge and New Haven: Harvard and Yale University Presses, 1928, 192 pp. \$2.50.

This handbook, published for the Council on Foreign Relations, represents careful and exhaustive work and should be very generally useful. It gives all the essential information of a political nature regarding every country of the world, except the United States. Most valuable is the enumeration of the various parties represented in the parliaments, the programs of these parties, and the survey of the press in the various countries.

"OLIVES OF ENDLESS AGE." By H. N. BRAILSFORD. New York: Harpers, 1928, 431 pp. \$3.50.

An English radical plainly states the issue of cosmopolitan capitalism and anarchy and urges the need of some sort of world government in order to assure peace and economic unity. The fundamental difficulty as he sees it lies in the incompatibility of the ideas of national sovereignty and modern international business. Unless we can devise some method of handling international problems by international organs there can be no hope of definitively overcoming the obstacles to peace.

PROBLEMS OF PEACE. New York: Oxford University Press, 1928, 379 pp.

Including splendid contributions by Rappard on the evolution of the League and the crisis of 1926, by Salter on economic problems, and by Zimmer on the British Commonwealth and the League.

HANDBUCH DES ABRÜSTUNGSPROBLEMS. EDITED BY THEODOR NIEMEYER. Berlin: Rothschild, 1928, three volumes, M. 170.

A truly monumental treatment of the disarmament problem. The first volume is systematic, written by an imposing array of experts; the others include all important papers on the subject between 1816 and 1925.

BACK OF WAR. By HENRY K. NORTON. Garden City: Doubleday Doran, 1928, 371 pp. \$2.50.

A rather conventional review of the underlying causes of international conflict, social, economic and political.

POLITIQUE INTERNATIONALE. By LUIS LAGARRIGUE. Paris: Garnier, 1928, 281 pp. Fr. 10.

Another outline of the history of international relations, stressing the gradual improvement during the last centuries and emphasizing the sociological approach.

THE DAY AFTER TOMORROW. BY SIR PHILIP GIBBS. London: Hutchinson, 1928, 240 pp. 7/6.

Not content with the evils of today, the well-known journalist engages in speculation on the future developments of science and paints a lugubrious and sensational picture of coming wars.

SOVEREIGNTY. BY PAUL W. WARD. London: Routledge, 1928, 201 pp. 7/6.

An interesting review of the evolution of the idea of sovereignty.

CONCEPTS OF STATE SOVEREIGNTY AND INTERNATIONAL LAW. BY JOHANNES MATTERN. Baltimore: Johns Hopkins, 1928, 200 pp. \$2.50.

A brilliant essay, retracing the various conceptions of sovereignty and the State from the times of Bodin to the present, and examining critically the juristic conception of the State, with particular reference to the present German constitution.

DE L'EXÉCUTION DES SENTENCES ARBITRALES. BY PAUL BRACHET. Paris: Rousseau, 1928, 233 pp. Fr. 30.

A scholarly study of the means for effecting the execution of arbitral decisions.

DER BEGRIFF DES NICHT HERAUSGEFORDERTEN ANGRIFFS. BY WILHELM STEINLEIN. Leipzig: Noske, 1927, 134 pp. M. 5.

The author attempts a definition of aggression and provocation, and discusses these concepts as they are found in the treaties from 1870 to the present.

THE LEAGUE OF NATIONS. BY JOHN S. BASSETT. New York: Longmans, Green, 1928, 415 pp. \$3.50.

The last work of the late American historian. Detached and dispassionate.

STATE SECURITY AND THE LEAGUE OF NATIONS. BY BRUCE S. WILLIAMS. Baltimore: Johns Hopkins, 1927, 356 pp. \$2.75.

Albert Shaw lectures, constituting an authoritative review of the subject.

LA TEORIA DEI MANDATI INTERNAZIONALI. BY CARLO E. FERRI. Turin: Bocca, 1927, 407 pp. L. 20.

A careful investigation of the fiduciary relations set up by the Treaty of Versailles.

THE PROTECTION OF MINORITIES. BY L. P. MAIR. London: Christophers, 1928, 244 pp. 8/6.

A useful guide, based almost entirely upon League material. The writer discusses the cases that have come before the League, but offers no criticism.

DAS MINORITÄTENPROBLEM UND SEINE LITERATUR. BY JACOB ROBINSON. Berlin: de Gruyter, 1928, 265 pp. M. 9.

An indispensable critical bibliography, listing the literature in twenty languages.

IMPERIALISM AND CIVILIZATION. BY LEONARD S. WOOLF. New York: Harcourt, Brace, 1928, 182 pp. \$2.00.

Primarily a discussion of the native racial problem in Asia and Africa, as created by modern imperialism. The author sees the only possible solution in the League, which alone can establish a synthesis of civilizations.

THE WHITE MAN'S DILEMMA. BY NATHANIEL PEPPER. New York: Day, 1927, 312 pp. \$2.50.

The economic side of imperialism discussed without recriminations.

INTERVENTION IN FINANZFRAGEN. BY KARL STRUPP. Leipzig: Noske, 1928, 110 pp. M. 6.

The famous international jurist examines the right of intervention in financial matters and prints a draft agreement for the pacific settlement of disputes of this kind.

International Relations of the United States

PAPERS RELATING TO THE FOREIGN RELATIONS OF THE UNITED STATES. 1914. SUPPLEMENT. THE WORLD WAR. EDITED BY TYLER DENNETT and JOSEPH V. FULLER. Washington: Government Printing Office, 1928.

The first volume of American documents dealing with the war. It covers primarily the questions of neutrality and neutral trade, and supplies further evidence of the tension which arose between this country and Great Britain over rights of search, etc. It again is made quite clear that Mr. Page was more concerned in getting the United States to adopt the British viewpoint than to force England's acceptance of the American stand. The material is of the greatest value and is admirably edited.

AMERICAN FOREIGN POLICIES. BY JAMES W. GARNER. New York: New York University Press, 1928, 272 pp. \$6.00.

A series of lectures delivered by a well-known American international lawyer, who once more explodes the idea of American isolation and stresses the American contribution to international peace.

AMERICA'S AMBASSADORS TO FRANCE, 1777-1927. BY BECKLES WILLSON. London: Murray, 1928, 447 pp. 21/.

The author of "The Paris Embassy" draws a series of illuminating pictures of American representatives, using the embassy archives to some extent.

AMERICAN PROSPERITY. BY PAUL M. MAZUR. New York: Viking, 1928, 283 pp. \$2.50.

An important book by a New York banker. The chapter entitled "Money and the Shadows of Europe" should be read by all who are interested in our foreign relations.

MACHINE-GUN DIPLOMACY. BY J. A. H. HOPKINS and MELINDA ALEXANDER. New York: Lewis Copeland, 1928, \$2.50.

The Central-American situation viewed from the accepted radical angle.

THE AMERICANS IN SANTO DOMINGO. BY MELVIN M. KNIGHT. New York: Vanguard, 1928, 208 pp. \$1.00.

This, the first of a series of studies in American imperialism, represents perhaps the first attempt to review the relations of the United States to Santo Domingo in a broad way, taking full account of the business relations as well as of political contacts. The viewpoint is anti-imperialistic, but it should be stressed that the book is a scholarly and conscientious attempt to give a true picture of the gradual entrenchment of American interests and a succinct discussion of the problems arising therefrom.

OUR CUBAN COLONY. BY LELAND H. JENKS. New York: Vanguard, 1928, 341 pp. 50c.

The subtitle of this volume is "A Study in Sugar," which serves to indicate the line of approach. It belongs to the same series as the preceding volume.

THE BANKERS IN BOLIVIA. BY MARGARET A. MARSH. New York: Vanguard, 1928, 233 pp. \$1.00.

The third of the above-named series, taking the same general approach to the less familiar problem of Bolivia.

PORTO RICO'S CASE. BY ARNOLD G. DANA. New Haven: Tuttle, Morehouse and Taylor, 1928, 48 pp. 35¢.

The writer, after extensive investigation, has arrived at the conclusion that the American achievement in the island is largely superficial.

AMERICA AND THE NEW POLAND. BY HAROLD H. FISHER. New York: Macmillan, 1928, 428 pp. \$3.50.

An exhaustive account of American aid in the restoration of Poland.

AMERICA: NATION OR CONFUSION. BY EDWARD R. LEWIS. New York: Harper, 1928, 424 pp. \$3.50.

A moderate, clear examination of the immigration question. The author favors the continuation of the system of national quotas.

Western Europe

THE IMMEDIATE ORIGINS OF THE WAR. BY PIERRE RENOUVIN. New Haven: Yale University Press, 1928, 409 pp. \$4.00.

The translation of a well-known French work. Perhaps the best single book on the events of July 1914.

TISZA, GRAF STEFAN: BRIEFES. EDITED BY OSKAR VON WERTHEIMER. Berlin: Hobbing, 1928, 272 pp. M. 9.

An important collection of correspondence, covering the period from July 1914 to July 1915. The letters themselves show clearly how great was the Magyar influence in the foreign affairs of the Dual Monarchy, and supply invaluable material on the negotiations of the Central Powers with Italy in the spring of 1915. An able character study of Tisza by the editor is also included.

RINGS UM SASONOW. EDITED BY EDUARD VON STEINITZ. Berlin: Verlag für Kulturpolitik, 1928, 186 pp. M. 8.

The book consists of a good character sketch of Sazonov and review of his policy by the editor, followed by interesting and valuable articles by Berchtold, Hoyos, Szapary, Macchio, Wiesner, Jagow, Lucius, Jotzow and others. Many of the contributors had not previously been heard from.

LE DÉCLIC DE SARAJEVO. BY JOSÉ ALMIRA and G. STOYAN. Paris: Radot, 1928.

A confused and rather flowery account of the Sarajevo plot, with considerable dramatic detail about Princip and his love affair. Evidently a book to be used with caution.

COMMENT LA WILHELMSTRASSE ÉCRIVAIT L'HISTOIRE PENDANT LA GUERRE. BY RICHARD GRELLING. Paris: Costes, 1928, 276 pp. Fr. 8.

In view of the well-known falsifications in the French Yellow Book and the Russian Orange Book of 1914 it is not surprising to learn that there were deletions and alterations in the German White Book also. But the notorious author of the present work has tried in vain to prove against Germany such flagrant misconstruction as that involved in the telegrams from St. Petersburg concerning the Russian mobilization.

LE DÉBLOCUS D'ANVERS. BY MAJOR E. MENZEL. Paris: Berger-Levrault, 1928, 100 pp. Fr. 10.

An important contribution by the former director of the Belgian General Staff.

LA TRAHISON DES CLERCS. BY JULIEN BENDA. Paris: Grasset, 1928, Fr. 12.

A noteworthy book which attempts to strike at the very root of the evils of our day. The author, a brilliant French essayist, argues that the world is no longer governed by ideas, but by political passions, which have been rendered universal in their application by the working of democracy. Politics determine morals, instead of *vice versa*, and the intellectuals, far from devoting themselves to the elaboration of ideas or to intervention in political life in behalf of principles of justice, like Zola in the Dreyfus case, have now made themselves the protagonists of popular passions. Kipling, Maurras and Barrès are mentioned as typical of this new departure. The book is very stimulating and provocative and has already brought upon the author a flood of criticism.

DIE REVISION DER FRIEDENSVERTRÄGE. BY GÉZA LUKÁCS. Berlin: Stilke, 1928, 119 pp. M. 3.50.

A Hungarian statesman surveys the scene in order to demonstrate the untenability of the peace treaties.

DE VERSAILLES AUX EXPERTS. BY COMMANDANT GASTON A. FURST. Paris: Berger-Levrault, 1927, 360 pp.

As might be expected, the writer concludes, from his review of the reparations question, that the only possible solution lies in the cancellation of the debts owed to America.

EUROPE. BY COUNT HERMANN KEYSERLING. New York: Harcourt, Brace, 1928, 399 pp. \$5.00.

A lengthy survey of the European nations leads the author to the conclusion that no good has come or ever will come from the idea of nationalism. An interesting book.

ECONOMIC PROBLEMS IN EUROPE TODAY. EDITED BY W. H. PRINGLE. London: Black, 1928, 146 pp. 5/.

A series of lectures at Birmingham Commercial College, including those of Peel on France, Salvemini on Italy, Seton-Watson on Czechoslovakia, Farbman on Russia, Edwards on Germany, and Cammaerts on Belgium.

LES PRESTATIONS EN NATURE. BY EMILE KATZ. Paris: Morice, 1928.

The author traces the history of the payments in kind since the treaty of Versailles, and foresees the necessity for revision.

DANS LA CAGE DU TIGRE. BY LEON ABENSOUR. Paris: Radot, 1928, Fr. 10.

Clemenceau intime by his former secretary.

MANUEL DES PARTIS POLITIQUES EN FRANCE. BY GEORGES BOURGIN, JEAN CARRIÈRE and ANDRÉ GUÉRIN. Paris: Rieder, 1928, 304 pp. Fr. 12.

An altogether admirable and thoroughly reliable handbook.

L'OEUVRE FINANCIÈRE DU GOUVERNEMENT POINCARÉ. BY PIERRE MENDES-FRANCE. Paris: Librairie Générale du Droit, 1928, Fr. 20.

A dispassionate account of the financial side of the Poincaré regime.

GENÈVE, LA FRANCE ET LA SUISSE. BY VICTOR BÉRARD. Paris: Colin, 1928, four volumes, Fr. 200.

The well-known writer retraces the long-drawn dispute between France and Switzerland, beginning in 1815.

L'IMMIGRATION ITALIENNE DANS LE SUD-OUEST DE LA FRANCE. BY G. MARCEL-RÉMOND. Paris: Dalloz, 1928, 213 pp. Fr. 25.

A scholarly treatment of an important problem.

STORIA D'ITALIA. BY BENEDETTO CROCE. Bari: Laterza, 1928, 346 pp. L. 25.

A book that is bound to attract much attention. Croce writes as a philosopher, and treats Italian history from 1871 to 1914 with as much detachment as though he were discussing the Trojan War. But reading between the lines we see that he thinks optimistically about the old liberalism and that he has no sympathy with "the psychological plutocracy that looks for what is gaudy and coarse." He is extremely severe with d'Annunzio and his influence on Italian life, and to the Fascist period he evidently dedicates the phrase that recent events in Italy do not belong to his history—and perhaps to no history at all.

L'ITALIE CONTRE L'EUROPE. BY CURZIO MALAPARTE. Paris: Alcan, 1928, 158 pp. Fr. 15.

The writer, a protagonist of Fascism, demands a return to the essentially Italian, with emphasis on national costume and attention to the Italian peasant.

INTERNATIONALER FASCHISMUS. EDITED BY CARL LANDAUER. Karlsruhe: Braun, 1928, 163 pp. M. 7.80.

Essays for and against the Fascist movement in various countries, the object being to establish a common denominator and determine the essence of the thing.

MUSSOLINI: THE MAN OF DESTINY. BY VITTORIO E. DE FIORI. New York: Dutton, 1928, 242 pp. \$3.00.

The writer served on the staff of Mussolini's paper. The book deals with Il Duce's earlier career. Its eulogistic nature is adequately indicated by the title.

THE CORPORATIVE STATE. BY ALBERTO PENNACHIO. New York: Italian Historical Society, 1927, 192 pp. \$1.00.

An excellent brief statement of the corporative organization of the Fascist state.

MUSSOLINI'S SENDUNG UND DIE WAHRHEIT ÜBER TIROL. BY JOSEF SONNTAG. Leipzig, Foerster, 1928, 111 pp. M. 1.80.

The latest German gun in the Tyrolese conflict.

LO STATO E LA CHIESA IN ITALIA. BY FRANCESCO ORESTANO. Rome: Optima, 1927.

A careful analysis of the Laws of Guarantees, with an examination of the possibilities for a settlement.

L'ITALIA NEL MEDITERRANEO. BY G. AMBROSINI. Foligno: Campitelli, 1927, 303 pp. L. 20.

A professor at the University of Palermo gives an excellent account of Italian policy from 1878 on, and discusses the problems of the present day.

DIE SCHWEIZ SEIT 1848. BY EDUARD FUETER. Zürich: Orell Füssli, 1928, 305 pp. M. 12.50.

A Swiss historian surveys his country's recent history, politics and economics.

DIE HOHENZOLLERN. BY HERBERT EULENBERG. Berlin: Cassirer, 1928.

Feuilletonistic essays in the style of Ludwig, with emphasis on all that is scandalous.

GERMANY TEN YEARS AFTER. BY GEORGE H. DANTON. Boston: Houghton Mifflin, 1928, 305 pp. \$3.50.

A sympathetic popular evaluation of contemporary German thought by an exchange professor at the University of Leipzig.

L'ALLEMAGNE D'APRÈS GUERRE. BY RENE LOTE. Paris: Alcan, 1928, 318 pp. Fr. 20.

A professor at Grenoble gives a straightforward account of the national revival.

POLITISCHE PROGNOSE FÜR DEUTSCHLAND. BY WILLY HELLPACH. Berlin: Fischer, 1928, 520 pp. M. 8.

A sociological survey, followed by a keen criticism of current shibboleths. The writer discounts the ideas of European solidarity and preaches faith in Germany's own abilities.

DIE RHEINISCHE SEPARATISTENBEWEGUNG UND DIE FRANZÖSISCHE PRESSE. BY LEO BÖHMER. Stuttgart: Deutsche Verlagsanstalt, 1928, 128 pp. M. 4.

By using a mass of newspaper clippings the author attempts to prove that the French *Drang zum Rhein* was at the bottom of the Separatist movement.

DANZIGER STAATS UND VOELKERRECHT. BY HERMANN LEWINSKY and RICHARD WAGNER. Berlin: Stilke, 1927, 668 pp. M. 18.

Practically an official publication dealing with the constitutional and international law of Danzig. It is particularly interesting on the legal relations with Poland.

REPARATIONSAGENT UND DEUTSCHE WIRTSCHAFT. BY HERBERT VON BECKERATH. Bonn: Schroeder, 1928, 107 pp. M. 2.50.

A telling critique of the present German economic system, by a leading economist.

DEUTSCHLANDS AUSLANDSANLEIHEN. BY JOHANNES PFITZNER. Berlin: Heymann, 1928, 174 pp. M. 10.

A convenient manual of German indebtedness.

LA GROSSE INDUSTRIE ALLEMANDE ET LE CHARBON. BY MAURICE BAUMONT. Paris: Doin, 1928, 754 pp. Fr. 45.

An exhaustive study of the whole German coal industry with a good bibliography.

Eastern Europe

DER VOELKERKAMPF UND SPRACHENSTREIT IN BÖHMEN. BY RAIMUND F. KAINDL. Vienna: Braumüller, 1928, M. 2.70.

An admirable historical sketch of the development of the national question in Bohemia prior to 1918, followed by a collection of the most important documents.

DER NEUE HERR VON BÖHMEN. BY GUSTAV PETERS. Berlin: Deutsche Rundschau, 1927, 134 pp. M. 4.

The author examines the racial, economic and cultural bases of the Czechoslovak state and urges the necessity of its establishment on a composite base as well as its neutralization.

LA RESTAURATION DE LA POLOGNE ET LA DIPLOMATIE EUROPÉENNE. BY JOSEPH BLOCISZEWSKI. Paris: Pedone, 1927.

An authoritative account of the Polish question from 1914 to 1923, written by the late professor at the École des Sciences Politiques.

LE JEU COMPLEXE DES PARTIS EN POLOGNE. BY CASIMIR SMOGORZEWSKI. Paris: Gebethner and Wolff, 1928, 40 pp. Fr. 4.

A convenient handbook.

DAS MEMELGEBIET. BY ERNST FRIESECKE. Stuttgart: Enke, 1928, 76 pp. M. 5.70.

An interesting study of the international and political position of the disputed territory.

FÜR DEUTSCHLAND UND FORTSCHRITT IN LETTLAND. BY BARON EDUARD VON ROSENBERG. Riga: Salamandra, 1928, 199 pp. M. 5.

One of the Baltic Barons writes of the situation in Latvia, and urges the necessity of abandoning the oligarchic type of leadership if anything is to be accomplished in the German cause.

DER HEILIGE TEUFEL. BY RENÉ FÜLÖP-MILLER. Leipzig: Grethlein, 1927, 440 pp. M. 10.

The well-known writer takes up the career of Rasputin, and, while not trying to white-wash him, attempts to put the man in his proper setting and to reach a sane estimate of his influence.

ZARSKAJA ARMIJA V FEVRALSKOM PEREVOROTJE. BY E. J. MARTYNOV. Moscow: Staff of the Red Army, 1927.

A former high officer of the Tsarist army discusses the part of the army in the March revolution and concludes that by vigorous action the government could have suppressed the disorders.

LA THÉORIE GÉNÉRALE DE L'ÉTAT SOUVIÉTIQUE. BY B. M. GUETZEVITCH. Paris: Giard, 1928, 200 pp. Fr. 25.

An admirable account of Soviet political theory by a former professor of law at the University of Petrograd.

FATEFUL YEARS. BY SERGE SAZONOV. New York: Stokes, 1928, 328 pp.

The English translation of the late Russian foreign minister's reminiscences.

LENIN IM HAUSE DER VÄTER. BY W. K. VON KOROSTOWETZ. Berlin: Verlag für Kulturpolitik, 1928, 444 pp.

Highly interesting memoirs of a former official of the Russian foreign office, covering the period from 1911 to 1919.

RUSSIAN ECONOMIC DEVELOPMENT SINCE THE REVOLUTION. BY MAURICE DOBB and H. C. STEVENS. New York: Dutton, 1928, 427 pp. \$5.00.

The best general treatment; thoroughly objective and scientific.

PRESENT-DAY RUSSIA. BY IVY LEE. New York: Macmillan, 1928, 214 pp. \$2.50.

Though only a short time in Russia, the author has written an eminently fair and open-minded account of present conditions.

WORLD-WIDE SOVIET PLOTS. BY N. MITAREVSKY. Tientsin: Tientsin Press, 1928, 211 pp. 7/6.

Based on the documents seized in the Russian Embassy at Peking.

AUS BEWEGTER BALKANZEIT. BY RICHARD VON MACH. Berlin: Mittler, 1928, 274 pp. M. 8.

Highly interesting and instructive memoirs of the representative of the *Kölnische Zeitung* in Sofia, covering the period from 1879 to 1918.

KRIEG UND VERWALTUNG IN SERBIEN UND MAZEDONIEN. BY PAUL KIRCH. Stuttgart: Kohlhammer, 1928, 179 pp. M. 8.40.

An important contribution to the war-time history of the Balkans.

LES BALKANS FACE À L'ITALIE. BY JACQUES ANCEL. Paris: Delagrave, 1928, 124 pp. Fr. 7.50.

The writer has produced an excellent brief handbook of recent Balkan history, with special attention to the Italian policy of expansion in the Mediterranean.

THE ETHNICAL MINORITIES IN TRANSYLVANIA. BY SYLVIVS DRAGOMIR. Geneva: Sonor Printing Company, 1927, 131 pp.

A Rumanian professor demolishes the recent book by Szasz and confounds him with quotations from Hungarian authorities. This little booklet is well-written, restrained in tone, packed with valuable information, and equipped with an excellent map. Altogether a valuable contribution to a difficult subject.

DER RUMÄNISCH-UNGARISCHE OPTANTENSTREIT. BY ERNST MARBURG. Leipzig: Noske, 1928, 113 pp. M. 6.

A German scholar views the Rumanian-Hungarian embroglio primarily from the League standpoint.

LA DALMAZIA. BY A. D'ALIA. Roma: Optima, 1928, 300 pp. L. 20.

The author has proved to his own satisfaction that Dalmatia's connection with Italy has always been extremely close.

GREECE. BY W. R. MILLER. New York: Scribners, 1928, 352 pp.

A well-known historian's authoritative account of recent Greek developments.

SITUATION SOCIALE CRÉÉE EN GRÈCE À LA SUITE DE L'ÉCHANGE DES POPULATIONS. BY A. DEIMEZIS. Paris: Budry, 1927, 83 pp.

A dissertation, with the usual defects, but bringing together valuable material on the method of colonization, resultant financial difficulties, the Greek political crisis, etc.

The British Commonwealth of Nations

PORTRAITS OF THE NEW CENTURY. BY E. T. RAYMOND. Garden City: Doubleday Doran, 1928, 369 pp. \$4.00.

A well-written but rather superior and superficial collection of biographical essays, usually in pairs. Those on Harmsworth and Pearson, Roberts and Kitchener, Fisher and Beresford and Curzon and Cromer, are the most interesting.

THIS GENERATION. Volume II. BY THOMAS C. MEECH. New York: Dutton, 1928, 382 pp. \$3.50.

The second volume of a good, unbiased popular account of recent British history, covering here the period from 1914 to 1926.

THE PRE-WAR MIND IN BRITAIN. BY CAROLINA E. PLAYNE. London: Allen and Unwin, 1928, 445 pp. 16/.

The writer, who has published excellent monographs on the neuroses of France and Germany, here gives us an excellent account of opinion in England before the war.

ENGLAND'S HOLY WAR. BY IRENE C. WILLIS. New York: Knopf, 1928, 399 pp.

Another first rate study in national psychology. The author traces the evolution of English liberalism from confirmed pacifism to the crusading spirit of the World War, and scathingly exposes the contradictions which she discovers. The evidence is taken primarily from the files of the leading liberal newspaper, the *Daily News*, and the story covers the period through the peace settlements.

ASPECTS OF BRITISH FOREIGN POLITICS. BY SIR ARTHUR WILLERT. New Haven: Yale University Press, 1928, 141 pp. \$2.00.

Lectures delivered at the Institute of Politics.

THE PEACE OF NATIONS. BY HUGH DALTON. London: Routledge, 1928, 328 pp. 5/.

A representative of the Labor Party reviews the causes of the war and the present state of Europe, and then criticizes the foreign policy of the Baldwin government.

EMPIRE TO COMMONWEALTH. BY WALTER P. HALL. New York: Holt, 1928, 536 pp. \$4.50.

A well-balanced account of the last thirty years of British history, in which the author attempts an interpretation of the forces at work and an appraisal of the present institutions of the Commonwealth.

GREAT BRITAIN AND THE DOMINIONS. Chicago: Chicago University Press, 1928, 520 pp. \$3.00.

Lectures, on the Harris foundation, by Sir Cecil Hurst, Timothy Smiddy and others.

THE ECONOMIC IMPACT OF AMERICA. BY HONORABLE GEORGE PEEL. New York: Macmillan, 1928, 340 pp.

A well-reasoned discussion of European economic problems arising from the American conquest, by one of the leading English authorities. A volume that is attracting a good deal of attention in England.

THE MESSAGE OF THE CARILLON. BY W. L. MACKENZIE KING. New York: Macmillan, 1927, 284 pp. \$2.50.

The Prime Minister of Canada deals not only with domestic affairs, but with the position of Canada in the Empire and with relations with the United States.

ORIENTAL OCCUPATION OF BRITISH COLUMBIA. BY TOM McINNES. Vancouver: Vancouver Sun, 1927, 170 pp. 50¢.

The writer raises the hue and cry and points out the danger threatening the whites. Restriction of immigration is not enough; the author demands restrictions on occupation, land holding, etc.

ESSAI SUR LA MENTALITÉ CANADIENNE FRANÇAISE. BY GEORGES VATTIER. Paris, Champion, 1928, 381 pp. Fr. 50.

An excellent study of the French tradition.

MISS MAYO'S MOTHER INDIA. BY K. NATARAJAN. Madras: Natesan, 1928, 126 pp.

The latest indictment of a much discussed book.

AN UPHILL ROAD IN INDIA. BY M. L. CHRISTLIEB. Boston: Houghton Mifflin, 1928, 253 pp.

Very human and frequently amusing letters of a missionary, covering a long period of close observation.

The Near East

THE CAMPAIGNS IN EGYPT AND PALESTINE. BY LIEUTENANT-GENERAL SIR GEORGE MACMUNN and CAPTAIN CYRIL FALLS. London: H. M. S. O., 1928, 12/6.

A volume of the official history covering the period to June 1917.

THE PALESTINE CAMPAIGNS. BY COLONEL A. P. WAVELL. London: Constable, 1928, 275 pp. 12/6.

Another valuable contribution, though not as detailed as the official account, by a member of Allenby's staff.

THE ANGORA REFORM. BY COUNT LEON OSTROG. London: University of London Press, 1928, 99 pp. 4/6.

Three splendid lectures, in which the author reviews the rise of Turkish nationalism resulting from the treaty of Sèvres, discusses the reasons for the overthrow of the Sultanate, and surveys the great reforms.

SAAD ZAGHLOUL. BY FOULAD YEGHEN. Paris: Cahiers de France, 1928, Fr. 12.

A sympathetic appreciation of the late Egyptian statesman.

LAWRENCE AND THE ARABIAN ADVENTURE. BY ROBERT GRAVES. Garden City: Doubleday Doran, 1928, 400 pp. \$3.00.

The latest contribution to the story of Lawrence's astonishing career. The writer gives the substance of "Seven Pillars of Wisdom" and "Revolt in the Desert" and has added many new facts concerning the earlier career of the hero. What comes out particularly is the independent initiative taken by Lawrence and the failure of the government officials fully to appreciate the situation and support the arrangements which had been made with Arabs. The book serves to put the whole episode into a correct setting, and it is to be regretted that the author thought necessary to present his case in such puerile language.

MAKER OF MODERN ARABIA. BY AMEEN RIHANI. Boston: Houghton Mifflin, 370 pp. \$6.00.

This book, written by a Syrian naturalized in the United States, is an important contribution to our knowledge of inner Arabia. The author travelled widely in Nejd, frequently passing through regions never before visited by Europeans. He was entertained by Ibn Saud, and gives us a sympathetic picture of this strong man of the desert. What he has to say about the Wahabis themselves is both novel and important.

AFGHANISTAN OF THE AFGHANS. BY SIRDAR IKBAL ALI SHAH. London: Diamond Press, 1928, 272 pp. 21/.

An appropriate book, coming at the time of the King's visit to Europe. It describes the customs and traditions of the Afghans in great detail.

Africa

THE NATIVE PROBLEM IN AFRICA. BY RAYMOND L. BUELL. New York: Macmillan, 1928, two volumes, \$15.00.

The first exhaustive treatment of the question of the African native as he has been affected by the coming of the European. The author spent a full year travelling through the larger part of Africa, interviewing the various government officials, collecting information and surveying the situation for himself. In this book he takes up in order all the territories under British, French or Belgian control, and the Republic of Liberia, discussing the domestic situation from every angle, administrative, economic, sanitarional, educational. The work is written in a thoroughly scholarly manner without bias and is equipped with imposing appendices and voluminous documents.

THE NEW AFRICA. BY DONALD FRASER. New York: Missionary Educational Movement, 1928, 221 pp. \$1.00.

An optimistic view of European influence in the Black Continent.

COMBATS AU MAROC. BY CAPTAIN C. DAMIDAU. Paris: Berger-Levrault, 1928, 144 pp. Fr. 14.40.

A technical military account of the war in Morocco, covering the period 1925-1926.

LIBERIA OLD AND NEW. BY JAMES L. SIBLEY and DIEDRICH WESTERMANN. Garden City: Doubleday Doran, 1928, 335 pp. \$3.00.

An investigation conducted by an educational group. The authors discuss the history of the country, the social and economic background, and future possibilities.

The Far East

ASIA REBORN. BY MARGUERITE E. B. HARRISON. New York: Harper, 1928, 398 pp. \$4.00.

A popular survey of conditions in Asia since the recent national revivals. As the whole continent is discussed, from Asia Minor to Japan, the treatment sometimes seems superficial. There is nothing new in the book, but the oft-told story is presented readably, and the maps are well done.

INCREDIBLE SIBERIA. BY JUNIUS B. WOOD. New York: Dial, 1928, 261 pp. \$4.00.

A correspondent of the *Chicago Daily News* gives an unvarnished account of what he saw in Siberia and does much to "de-bunk" some recent glowing stories.

CHINA: WHERE IT IS TODAY AND WHY. BY THOMAS F. F. MILLARD. New York: Harcourt, Brace, 1928, 356 pp. \$2.75.

One of the best-known writers on Far Eastern affairs surveys the events of the last three years and attempts to analyze their causes. A useful summing up.

WHITHER CHINA? BY SCOTT NEARING. New York: International Publishers, 1927, 225 pp. \$1.75.

An economic interpretation of the present troubles, based upon careful research and personal observation. The writer distinguishes between the national struggle waged by native enterprise against foreign interests and the class struggle between the employers and the proletariat. He makes it abundantly clear that the root of the difficulty lies in the industrialization of the country and the working of modern imperialism, and that the Red Plots are quite secondary in importance. One may not want to go all the way with the author, but the book deserves wide reading as an expression of a view which is too much neglected.

REVOLUTION UND KONTERREVOLUTION IN CHINA. BY ALEXANDER LOSOWSKY. Berlin: Führer, 1928, 80 pp. M. 1.50.

A Bolshevik presentation.

CHINA'S INDUSTRIES AND FINANCE. BY D. K. LIEU. Shanghai: Chinese Government Bureau of Economic Information, 1928, 238 pp.

Studies of the economic situation, forming a useful official handbook.

CHINA AND THE FOREIGN POWERS. BY SIR FREDERICK WHYTE. New York: Oxford University Press, 1928, 93 pp.

A thoroughly revised edition of a brief handbook which cannot be recommended too highly. The important chapter on Chinese-Russian relations has been rewritten.

MODERN JAPAN AND ITS PROBLEM. BY G. C. ALLEN. London: Allen and Unwin, 1928, 10/.

An intelligent survey of Japanese problems, understandingly written by one who for many years was a teacher in that country.

JAPAN IN THE WORLD TODAY. BY ARTHUR J. BROWN. New York: Revell, 322 pp. \$3.75.

This book, the work of one of the sanest writers on Far Eastern affairs, is easily one of the best general surveys of Japanese life and conditions.

JAPAN: THE AIR MENACE OF THE PACIFIC. BY COLONEL W. JEFFERSON DAVIS. Boston: Christopher, 1928, \$2.00.

A discussion of Japanese-American relations, with special reference to strategic considerations.

THE RESTLESS PACIFIC. BY NICHOLAS ROOSEVELT. New York: Scribners, 1928, 301 pp. \$3.00.

The text of the book is Seward's famous dictum, which the author accepts without reservation. Stressing the geographical and economic aspects of the problem, he takes up the conflict of policies between Japan, Russia, Great Britain and the United States, and ends with a pungent and well-written discussion of the strategical importance of the Philippines and the necessity for a strong navy.

THE PACIFIC: A FORECAST. BY LIEUTENANT-COLONEL P. T. ETHELTON and H. H. TILTMAN. London: Benn, 1928, 204 pp. 12/6.

Another variation on the theme of Seward's dictum, presented in an extreme and certainly debatable form.

PROBLEMS OF THE PACIFIC. EDITED BY J. B. CONDLIFFE. Chicago: Chicago University Press, 1928, 630 pp. \$3.00.

The complete proceedings of the Second Conference of the Institute of Pacific Relations. An important record of the discussion of Pacific problems by well-informed though unofficial representatives of all the Pacific countries.

Latin America

LATIN AMERICA IN WORLD POLITICS. BY J. FRED RIPPY. New York: Knopf, 1928, 286 pp. \$3.50.

A good general introduction to the study of Latin America in its international setting. The author reviews the relations of the South American states to the various powers, approaching the problem from the standpoint of Latin America itself. The chapters dealing with the attitude of France and Germany respectively are particularly illuminating and will cause discussion. The Pan-Hispanic movement and immigration problems are successfully handled.

L'AMÉRIQUE LATINE ET L'IMPÉRIALISME AMÉRICAIN. BY LOUIS GUILLANE. Paris: Colin, 1928, 274 pp. Fr. 14.

A French publication, issued evidently in anticipation of the Havana Conference. The argument is a stock one: The Monroe Doctrine is merely an instrument of dollar diplomacy, Latin idealism is fast losing ground before Anglo-Saxon materialism, and Latin America is rapidly becoming a preserve for American syndicates.

Miscellaneous

THIS ECONOMIC WORLD AND HOW IT MAY BE IMPROVED. BY THOMAS N. CARVER and HUGH W. LESTER. Chicago: Shaw, 1928, 438 pp. \$4.00.

Two well-known economists discuss various current problems in a refreshing and original way.

DIE ROHSTOFFWIRTSCHAFT DER ERDE. BY ADOLF REICHWEIN. Jena: Fischer, 1928, 639 pp. M. 24.

An exhaustive and indispensable handbook of the raw material production of the world.

DIE INTERNATIONALE SCHIFFFAHRTSKRISE. BY SVEN HELANDER. Jena: Fischer, 1928, 397 pp. M. 18.

The first adequate account of the development of the international carrying trade since the war, backed by sound theorizing.

SOURCE MATERIAL

By Denys P. Myers

PUBLIC DOCUMENTS OFFICIALLY PRINTED

Documents may be procured from the following: United States: Gov't Printing Office, Superintendent of Documents, Washington, D. C. Great Britain: British Library of Information, 5 East 45th St., New York. France: Terquem, 1 Rue Scribe, Paris. League of Nations, Int. Labor Office and Perm. Court of Int. Justice: World Peace Foundation, 40 Mt. Vernon St., Boston. Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted.

ARBITRATION AND SECURITY

FINLAND. Ministère des affaires étrangères. La question de la sécurité à la Société des nations. Helsinki, Imp. du gouvernement, 1927. 83 p.

NOTES EXCHANGED between France and the United States on the subject of a Multilateral Treaty for the Renunciation of War, together with the Text of M. Briand's original Proposal for a Pact of Perpetual Friendship. Washington, 1928. iii, 25 p. 23½ cm. (Seal of Department of State on cover.)

MESSAGE from the President of the United States transmitting an Arbitration Treaty between the United States and the French Republic, signed at Washington on February 6, 1928. Washington, 1928. 3 p. 24 cm. (Sen. Exec. D, 70th cong., 1st sess.)

PREPARATORY COMMISSION for the Disarmament Conference — Committee on Arbitration and Security. 1. Introduction to the Three Memoranda on Arbitration, Security and the Articles of the Covenant, submitted by the Chairman of the Committee in agreement with the Rapporteurs; 2. Memorandum on Arbitration and Conciliation, submitted by M. Holsti, Rapporteur; 3. Memorandum on Security Questions, submitted by M. Politis, Rapporteur; 4. Memorandum on Articles 10, 11 and 16 of the Covenant, submitted by M. Rutgers, Rapporteur; 5. Annexes. (C. A. S. 10. 1928. IX. 3). 60 p. \$0.50.

TREATY between the United States and the Netherlands, Advancement of Peace. Signed at Washington, December 18, 1913 . . . and Declaration interpretative of Article I thereof. Signed at Washington, February 13, 1928. Washington, 1928. (Treaty Series No. 760.)

ARMAMENT

ARMAMENTS YEAR-BOOK. General and Statistical Information. Albania — Argentine — Austria — Belgium — Bolivia — Brazil — British Empire (Great Britain and Northern Ireland, British Colonies and Protectorates, Australia, Canada, India, Irish Free State, New Zealand, Newfoundland, Union of South Africa) — Bulgaria — Chile — China — Colombia — Costa Rica — Cuba — Czechoslovakia — Denmark — Dominican Republic — Ecuador — Estonia — Finland — France — Germany — Greece — Guatemala — Haiti — Honduras — Hungary — Italy — Japan — Latvia — Lithuania — Luxembourg — Mexico — Netherlands — Nicaragua — Norway — Panama — Paraguay — Peru — Poland — Portugal — Roumania — Salvador — Serbs, Croats & Slovenes (Kingdom of) — Spain — Sweden — Switzerland — Turkey — Union of Socialist Soviet Republics — United States of America — Uruguay, Venezuela. Geneva, 1928. 1066 p. 24 cm. (League of Nations, C. 1. M. 1. 1928. IX. 1.) \$5.00.

DOCUMENTS of the Preparatory Commission for the Disarmament Conference entrusted with the Preparation for the Conference for the Reduction and Limitation of Armaments. Series V. Minutes of the Fourth Session of the Preparatory Commission for the Disarmament Conference and of the First Session of the Committee on Arbitration and Security. (C. 667. M. 225. 1927. IX. 1928. IX. 2.) 56 p. \$0.50.

PREPARATORY COMMISSION for the Disarmament Conference. Draft Disarmament Convention submitted by the delegation of the Union of Socialist Soviet Republics. Geneva, February 20, 1928. 14 p. 32 cm. (C. 46. M. 23. 1928. IX. 5.) \$0.15.

STATISTICAL INFORMATION on the Trade in Arms, Ammunition and Implements of War. Geneva, 1928. 423 p. 32 cm. (C. 26. M. 13. 1928. IX. 4.)

LIMITATION OF NAVAL ARMAMENTS. Records of the Conference for the Limitation of Naval Armament held at Geneva, Switzerland, from June 20 to August 4, 1927. Washington, 1928. 220 p. 23 cm. (70th Cong., 1st Sess., Sen. Doc. No. 55.)

AUTOMOBILE TRAFFIC

ADVISORY and Technical Committee for Communications and Transit. Report of the Permanent Committee on Road Traffic regarding Road Signalling. 11 p. and 7 tables. (League of Nations, C. 15. M. 8. 1928. VIII. 1.) \$0.30.

BRITISH GUIANA

MEMORANDUM prepared by the Elected Members of the Combined Court of British Guiana in reply to the Report of the British Guiana Commission (Cmd. 2841), together with Comments by the British Guiana Commission, the Governor of British Guiana, the Crown Agents for the Colonies, and Messrs. H. Howard Humphreys and Sons. London, 1928. 111 p. 24½ cm. (Cmd. 3047). 2s. net.

CHILD WELFARE

ADVISORY COMMISSION for the Protection and Welfare of Children and Young People. Child Welfare Committee. Protection of Blind Children. Geneva, February 7, 1928. 22 p. 32 cm. (League of Nations, C. P. E. 144. 1928. IV. 4.)

ADVISORY COMMISSION for the protection and Welfare of Children and Young People. Child Welfare Committee. Report of the International Labour Office on Family Allowances in relation to the Physical and Moral Well-Being of Children. Geneva, February 28, 1928. 26 p. 32 cm. (League of Nations, C. P. E. 150. 1928. IV. 10.)

ADVISORY COMMISSION for the Protection and Welfare of Children and Young People. Child Welfare Committee. Report of the Work of the Child Welfare Committee on the Cinematograph Question. Geneva, February 18, 1928. (League of Nations, C. P. E. 149. 1928. IV. 9.)

PAN AMERICAN Institute of Child Welfare. Recommendation for appropriation to enable acceptance by United States of membership in Pan American Institute of Child Welfare to be established at Montevideo, Uruguay, in accordance with resolution adopted at Pan American Child Welfare Congress held at Santiago, Chile, in October, 1924. December 13, 1927. Washington, 1927, 6 p. (H. Doc. 98, 70th Cong., 1st sess.) Paper, 5 cents.

CHOSEN

ANNUAL REPORT on Administration of Chosen, 1924-26. Compiled by Government-General of Chosen, Keijo, December, 1927. 194 p., map. 23½ cm.

CODIFICATION OF INTERNATIONAL LAW

FIRST Codification Conference. Schedules of Points drawn up by the Preparatory Committee for Submission to the Governments. Geneva, 1928. 7 p. 32½ cm. (League of Nations, C. 44. M. 21. 1928. V. 1.) 10 cents.

Invites Governments to state their attitude in detail on the general subjects of nationality, territorial waters and the responsibility of states for damage done in their territory to the person or property of foreigners.

COMMERCE AND TRADE

COMMERCIAL AGREEMENT between the United States and Spain. Washington, 1928. (Treaty Series No. 758-A.) 5 cents.

MEMORANDUM on International Trade and Balances of Payments, 1912-1926. Vol. I. Review of World Trade and Balances of Payments. (League of Nations, 1927. II. 68/1.) 263 p. \$2.00.

This memorandum contains a general survey of world trade during the years 1925 and 1926, summary tables showing separately the total imports and exports of 63 countries, and estimates of the balance of international payments of some 25 states specially prepared for the League of Nations in a uniform manner.

MEMORANDUM on Production and Trade, 1913 and 1923-1926. 73 p. 26½ cm. (League of Nations, 1928. II. 3.) \$0.50.

NOTES exchanged between His Majesty's Government in Great Britain and the Government of San Salvador for the Establishment of a Commercial "Modus Vivendi." London, 1928. 5 p. 24½ cm. (Treaty Series No. 9 (1928), Cmd. 3071.) 2d.

TREATY of Commerce and Navigation between His Majesty in respect of Great Britain and Northern Ireland and His Majesty the King of the Serbs, Croats and Slovenes together with notes exchanged. London, 1928. 37 p. 24½ cm. (Treaty Series No. 6 (1928), Cmd. 3065.) 9d.

COURT OF INTERNATIONAL JUSTICE, PERMANENT

ADVISORY OPINION regarding the Jurisdiction of the European Commission of the Danube between Galatz and Braila, submitted to the Court in pursuance of a Resolution of the Council of the League of Nations, dated December 9, 1926. Opinion delivered by the Court on December 8, 1927 (with one Annex). 146 double pages. 24½ cm. (Collection of Advisory Opinions. Series B, No. 14.) \$2.00.

FIRST GENERAL Index of the Publications of the Court. (Series A, B and C.) First-Eleventh Sessions (1922-1926). Series A — Vol. 1-7. Series B — Vol. 1-13. Series C — Vol. 1-12. 126, 124 p. 24½ cm. (Series F, No. 1.) \$2.20.

"This series . . . will comprise general indexes or tables . . . referring to the subject matter." It does "not in the least overlap the Analytical Index of the Opinions and Judgments which appears in Series E volumes (Annual Reports). The latter indeed constitutes an index by subject . . . corresponding to the legal questions and ideas dealt with."

JURISDICTION of the Courts of Danzig. (Pecuniary claims of Danzig railway officials who have passed into the Polish service, against the Polish railway administration.) March 3, 1928. 47 double pages. Series B, No. 15.)

DANZIG

DÉCISIONS du Haut commissaire de la Société des Nations dans la Ville Libre de Dantzig, 1926 et 1927. 54, 54 p. 21 cm.

ZUSAMMENSTELLUNG der zwischen der Freien Stadt Danzig und der Republik Polen abgeschlossenen bedeutsamen Verträge, Abkommen und Vereinbarungen, 1924-1927. Zusammengestellt und herausgegeben beim Senat der Freien Stadt Danzig. Januar 1928. 116, 116 p. 21 cm.

DEBTS

AGREEMENTS between His Majesty's Government in Great Britain and the Austrian Government respecting the Settlement of Enemy Debts referred to in Section III of Part X of the Treaty of Saint-Germain of September 10, 1919. London, 1928. 11 p. 24½ cm. (Treaty Series No. 5 (1928), Cmd. 3039.) 3d. net.

GREEK Debt Settlement. Hearings before the Ways and Means Committee, House of Representatives, 70th Congress, 1st session, on H. R. 10760, to authorize settlement of indebtedness of Hellenic Republic to United States and of differences arising out of tripartite loan agreement of February 10, 1918. February 15, 1928. Washington, 1928. iii, 75 p. 10 cents.

FUNDING of Greek War Debt to United States. Report (from Treasury Department) regarding proposed plan for settlement of debt owed by Greece to United States and of differences existing between the two Governments arising out of tripartite loan agreement. February 6, 1928. Washington, 1928. 11 p. 23½ cm. (Sen. Doc. 51, 70th Cong., 1st sess.) 5 cents.

SETTLEMENT of the indebtedness of the Kingdom of the Serbs, Croats, and Slovenes. Report . . . submitted by Mr. Green, February 6, 1928. Washington, 1928. 8 p. 23 cm. 5 cents. (H. Rept. 591, 70th Cong., 1st sess.)

ECONOMIC CONFERENCE, INTERNATIONAL

OFFICIAL DECLARATIONS concerning the Recommendations of the International Economic Conference held at Geneva in May 1927. 55 p. (C. E. I. 45 (1). 1928. II. 4.) \$0.40.

REPORT AND PROCEEDINGS of the World Economic Conference, held at Geneva, May 4th to 23rd, 1927. Geneva, 1927. 2 vols. 33½ cm. (C. 356. M. 129. C. E. I. 46. 1927. II. 52/1 and II.) \$4.00.

EGYPT

PAPERS regarding Negotiations for a Treaty of Alliance with Egypt. London, 1928. 62 p. 24½ cm. (Egypt No. 1 (1928), Cmd. 3050.) 1 s. od. net.

THE COMMERCIAL Code of the Egyptian Native Tribunals. Translation. Cairo, Government Press, 1926. 77 p.

RECUEIL des documents officiels. Le Caire, 1928. 3 vols.

FINANCIAL RECONSTRUCTION

FINANCIAL Committee. Report to the Council on the work of the thirtieth Session of the Committee, held in Geneva from February 27 to March 7, 1928, and Resolutions adopted by the Council at its forty-ninth session. Geneva, 1928. 23 p. 32½ cm. (League of Nations, C. 116. M. 30. 1928. II. 10.) \$0.20.

Contains protocol for Bulgarian reconstruction, and also status of Austrian, Hungarian, Estonian Greek and Portuguese schemes.

FINANCIAL Committee. Final Text of Amendments to the Statutes of the Bulgarian National Bank. Geneva, April 10, 1928. 9 p. 32 cm. (League of Nations, C. 116. M. 30. 1928. II (Annex I revised).)

GREEK STABILISATION and Refugee Loan Protocol and Annexes. Approved by the Council of the League of Nations and signed on behalf of the Hellenic Government on September 15, 1927. With the Relevant Reports of the Financial Committee and Resolutions of the Council and of the Assembly. 43 p. and 3 tables. (C. 556. M. 198. 1927. II. 74.) \$0.50

HEALTH AND SANITATION

ACTAS de la octava Conferencia sanitaria de las Repúblicas americanas. Washington, Union Panamericana, 1928. 308 p. 23½ cm. (In Boletín de la oficina sanitaria Panamericana, Gennaro, 1928.)

INTERNATIONAL Health Year-Book, 1927 (Third Year). Reports on the public health progress of twenty-seven countries in 1926. Geneva, 1927. 802 p. 26½ cm. (League of Nations, Health Organization, C. H. 599. 1927. III. 7.) \$5.00.

ANNUAL REPORT of the Health Organisation for 1927. 60 p. (League of Nations, A. 10. 1928. III. 1. C. H. 682.) \$0.50.

LIQUOR SMUGGLING

CONVENTION between United States and Belgium, prevention of smuggling of intoxicating liquors; signed Washington, December 9, 1925, proclaimed January 11, 1928. Washington, 1928. 6 p. (Treaty Series 759.) 5 cents.

LITHUANIA AND POLAND

LITHUANIE et Pologne. Notes des Gouvernements lithuanien et polonais relatives au conflit lithuano-polonais. Kaunas, 1927. 26 p.

MARITIME

AGREEMENT between His Majesty's Government in Great Britain and the German Government for the Exemption of Shipping Profits from Double Taxation, together with notes exchanged. Berlin, January 17, 1928. London, 1928. 14 p. 24½ cm. (Parl. Pap., Treaty Series No. 3 (1928). Cmd. 3027.) 2d.

INTERNATIONAL Convention for Unification of certain Rules in regard to Bills of Lading for Carriage of Goods by Sea. Hearing before sub-committee, Committee on Foreign Relations, United States Senate, 70th Congress, 1st session, relative to Executive E, December 22, 1927. Washington, 1928. ii, 40 p. 23½ cm. 5 cents.

AGREEMENT between His Majesty's Government in Great Britain and the Portuguese Government for the Mutual Recognition of Load-Line Certificates together with notes exchanged. London, 1928. (Parl. Pap., Treaty Series No. 4 (1928), Cmd. 3033.) 2d.

SAFETY OF LIFE at sea. Papers showing the proposals made by the board of trade for the revision of the International Convention of 1914. . . . London, 1927. 36 p. 6 d.

MEXICO

BOLETIN Oficial de la Secretaria de Relaciones Exteriores. Mexico, 1928. — (Tomo L, Numero 1, gennaro de 1928.) 24½ cm.

LAS CUESTIONES fundamentales de actualidad en Mexico. Por Fernando Gonzalez Roa. Mexico, Imprenta de la Secretaria de Relaciones Exteriores, 1927. 251 p. 24½ cm.

MINISTERIO de relaciones exteriores. Informe de la Secretaria de relaciones exteriores . . . Mexico, Imprenta de la Secretaria de relaciones exteriores, 1927. 9 p.

MOZAMBIQUE

NOTES exchanged between His Majesty's Government in Great Britain and the Government of Portugal for the settlement of Boundary between Swaziland and the Province of Mozambique. London, 1928. 11 p. 24½ cm. (Treaty Series No. 7 (1928), Cmd. 3066.) 6d. net.

NOTES exchanged between His Majesty's Government in the Union of South Africa and the Government of Portugal for the settlement of Boundary between the Union of South Africa and the Province of Mozambique. London, 1928. 11 p. 24½ cm. (Treaty Series No. 8 (1928), Cmd. 3070.) 6d. net.

PAN AMERICAN UNION

ORGANIZATION and Functions of the Pan American Union as affected by the Conventions and Resolutions adopted at the Sixth International Conference of American States. Havana, Cuba, January 16-February 20, 1928. Report submitted to the Governing Board of the Pan American Union by the Director General, March 7, 1928. 33 p., multigraphed. 27 cm.

INTER-AMERICAN High Commission. Juridical Status of foreign Corporations in American Republics (Report to 6th International Conference of American States; published by) Central Executive Council of Inter-American High Commission. Washington, 1927. vii, 128 p. 20 cents.

PAN AMERICAN Conference on Highways. Second Pan American Conference on Highways. Report with accompanying papers, to the end that Legislation may be enacted authorizing Appropriation to enable United States to Participate in second Pan American Conference on Highways to be held at Rio de Janeiro in June, 1928. December 12, 1927. 6 p. (S. Doc. 11, 70th Cong., 1st sess.) 5 cents.

POLAND

RECUEIL des traités et conventions commerciales conclues par la Pologne. Tome 1, 1921-1924. Varsovie, 1927. 613 p.

DEPARTMENT OF STATE RELEASES

The Department of State, Division of Current Information, issues to the press copies of documents made public from time to time. Recent releases are listed below, with identifying numbers. Application for authentic copies should be made to the Division of Current Information, Department of State, Washington, D. C. They are mimeographed and are to be distinguished from publications of the Department which issue from the Government Printing Office.

ADDRESSES — The War Prevention Policy of the United States; an address by Frank B. Kellogg, Secretary of State, before the Council on Foreign Relations, New York, S. D. 305, March 15.

BOLIVIA — Translation of remarks of minister of Bolivia, Eduardo Diez de Medina, upon presentation of his letters of credence, February 10, S. D. 310, Feb. 10.

CANADA — Summary of interim report of the special International Niagara Board, S. D. 311, Jan. 20.

Minutes of conference between members of Canadian Royal Commission on Customs and Excise and officers of the United States, Washington, Aug. 29, 30, 1927, in regard to smuggling conditions along the Canadian border, S. D. 312, Feb. 7.

Text of correspondence exchanged by Governments of Canada and the United States concerning proposed St. Lawrence Waterway improvement, S. D. 313, April 14.

Text of correspondence between Great Britain, Canada and the United States regarding diversion of water from Lake Michigan by the Sanitary District of Chicago, S. D. 314, April 18.

CHINA — Foreign Diplomatic Representatives in China draw the attention of their respective governments to the importance of the agreement and of prohibiting the exportation of arms to China, S. D. 316, March 10. Settlement of Nanking Incident, S. D. 317, April 2.

Texts of the notes signed on March 30, by Gen. Hwang Fu, minister for Foreign Affairs, Nanking, and J. V. A. MacMurray, American minister to China, and exchanged at Shanghai on April 2, 1928, S. D. 318, April 3.

Chinese accept offer of three Chinese members of the Municipal Council conditionally, S. D. 318½, April 18.

CONFERENCES — Convention and protocol on import and export prohibitions and restrictions signed by American Minister to Switzerland, S. D. 319, Jan. 30.

Brief summary of projects approved by Sixth Pan American Conference at Havana, Cuba, S. D. 320, Feb. 20.

Text of speech by Hugh S. Gibson before the Preparatory Commission, March 21, S. D. 322, March 24.

Delegates to Second International Conference on Emigration and Immigration, Havana, March 31, S. D. 323, March 23.

British proposals as referred to in Lord Cushendun's speech of March 20, in the Preparatory Committee, S. D. 324, March 26.

CZECHOSLOVAKIA — Reciprocal agreement concluded, S. D. 325, Feb. 20.

DEPARTMENT OF STATE — Division of Protocol established, S. D. 326, Feb. 3.

Treaty Division established, S. D. 327, April 21.

GUATEMALA — Roy T. Davis, American minister to Costa Rica, named U. S. representative on a mixed commission to make a thorough inspection of Guatemalan-Honduran boundary dispute, S. D. 329, March 20.

Telegram from Puerto Cortes, dated April 7, addressed to Secretary of State by the presidents of Guatemalan and Honduran Boundary Commissions, S. D. 330, April 11.

HAITI — Sixth annual report of the American High Commissioner at Port-au-Prince, Haiti, to the Secretary of State, S. D. 331, March 23.

LEAGUE OF NATIONS — American share of League's secretarial expenses in connection with recent conferences, S. D. 337, Jan. 26.

MEXICO — Agreement between Mexico and United States to conclude a convention for safeguarding more effectually live stock interests from infectious and contagious diseases, S. D. 338, March 8.

Exportation of commercial airplanes to Mexico, S. D. 339, March 24.

Petroleum regulations bring to practical conclusion the discussions which began ten years ago, S. D. 340, March 27.

NICARAGUA — Statement by the Secretary of State regarding Nicaraguan elections, S. D. 342, Feb. 23.

Text of letter from the President of Nicaragua, May 15, 1927, inviting the President to supervise the elections in Nicaragua, S. D. 343, March 22.

Text of decree signed by the President of Nicaragua, March 21, S. D. 344, March 26.

TREATIES — Notes exchanged between France and the United States on the subject of a multilateral treaty for the renunciation of war, together with the text of M. Briand's original proposal for a pact of perpetual friendship, S. D. 348, Undated.

Note dated March 30, 1928, from the French ambassador to Secretary of State, in reply to the Secretary's note of Feb. 27, S. D. 360, March 31.

Draft of proposed treaty submitted by the French Government to the United States, Great Britain, Germany, Italy and Japan, April 20, S. D. 372, April 21.

Greek Government accepts Department's proposal to enter into negotiation of a Commercial Treaty, S. D. 349, Feb. 18.

Arbitration treaty with Italy under negotiation, S. D. 349½, March 8; signed, S. D. 368, April 19.



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